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Report of the Secretary-General on the situation in the Central African Republic and on the activities of the United Nations Peacebuilding Support Office in that country

I. Introduction

1. The present report is submitted pursuant to the request of the Security Council contained in the statement issued by its President on 26 September 2001 (S/PRST/2001/25), in which the Council requested me to continue to keep it regularly informed about the situation in the Central African Republic and about the activities of the United Nations Peacebuilding Support Office in that country (BONUCA). In its presidential statement adopted on 7 April (S/PRST/2009/5), the Council welcomed my recommendation of 3 March to establish a United Nations Integrated Peacebuilding Office in the Central African Republic (BINUCA) to succeed BONUCA (see S/2009/128). The Council also requested me to inform it, in my next report on the situation in the Central African Republic, about the structure and strength of BINUCA.

2. The report provides an update on the political, socio-economic, security, humanitarian and human rights developments in the Central African Republic and on the activities of BONUCA since my last report on 26 November 2008 (S/2008/733) and the detailed briefing provided on 10 March 2009 by François Lonseny Fall, my former Special Representative and head of BONUCA (see S/PV.6091). The report also outlines the proposed structure and requisite resources for BINUCA.

3. The report highlights continuing efforts to consolidate the fragile peace in the Central African Republic and outlines, to that end, measures taken in particular to end the armed rebellion in the north of the country, to strengthen State institutions and to implement the recommendations adopted at last December's crucial inclusive political dialogue. At the same time, it points to persistent challenges to the peacebuilding process, including mounting armed attacks which not only threatened to compromise the peace process but also generated heightened humanitarian and human rights concerns.

4. While acknowledging the significant challenges facing the peace process as a result, in particular, of the re-emergence of rebel groups in the northern part of the country and the delay in the implementation of the disarmament, demobilization and reintegration programme and the electoral calendar, the report recognizes that a number of important positive steps on the way forward have been taken which have

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heightened expectations that the country may be entering a new phase of peace and stability.

II. Political situation

5. During the period under review, the political situation in the Central African Republic was dominated by efforts to implement the recommendations of the inclusive political dialogue, on which the success or otherwise of the peace process essentially hinges. Following the departure in March of my former Special Representative, Mr. Fall, I dispatched Sammy Kum Buo, Director of the Africa II Division in the Department of Political Affairs of the Secretariat, to Bangui on 24 March, to serve as Officer-in-Charge of BONUCA, while I was engaged in the process of selecting my new Special Representative and in order to avoid a leadership vacuum in the mission at a critical juncture in the peace process.

6. Since his arrival in Bangui, Mr. Buo has held a series of meetings with key national leaders, including President François Bozizé, Prime Minister Faustin Touadéra and the Chairman of the Follow-up Committee for the implementation of the dialogue recommendations, Henri Maidou. He also met with leaders and representatives of political-military groups, including the President of the Armée populaire pour la restauration de la République et la démocratie (APRD), Jean-Jacques Demafouth, who is also the first Vice-Chairman of the Disarmament, Demobilization and Reintegration Steering Committee, as well as with representatives of the democratic opposition and civil society. He consulted widely with resident members of the diplomatic community, the United Nations system and the Bretton Woods institutions as well as with Ambassador Albert Akendengué, the Special Representative of President Omar Bongo Ondimba, the subregional peace mediator for the Central African Republic. Ambassador Akendengué is also the resident head of the subregional peacebuilding mission in the Central African Republic, MICOPAX (Mission de consolidation de la paix en République Centrafricaine). On 4 June, a senior delegation from the Economic Community of Central African States (ECCAS), led by its Deputy Secretary-General in charge of peace and security, met with Mr. Buo to discuss the role and possible enhancement of the peacebuilding capacity of MICOPAX in light of its envisaged involvement in the disarmament, demobilization and reintegration and security sector reform processes. Mr. Buo has also worked closely with the Special Envoy of the African Union, Ambassador Sadok Fayala, and with Djovi Gally, Special Envoy of the Secretary-General of the International Organization of la Francophonie.

7. In its aforementioned presidential statement S/PRST/2009/5, the Security Council welcomed "the recent progress towards implementing the recommendations of the inclusive political dialogue" and reiterated "its full support for this process, as an effective framework to foster national reconciliation and stability in the Central African Republic". The Council's statement reflected the broad recognition, including by national stakeholders themselves, of the central role of the inclusive political dialogue in the peace process in the Central African Republic.

8. The slow pace of implementation of the dialogue recommendations demonstrates the difficulty of maintaining the momentum created by that important meeting. On 28 January 2009, President Bozizé established a broad-based Government, as recommended during the dialogue, but the Government's

composition was criticized by the democratic opposition and some political-military groups that felt it did not comply with the principles of parity and consensus agreed upon at the dialogue. The Union des forces vives de la nation (UFVN), the main democratic opposition alliance, consequently refused to participate in that Government, which includes representatives of two political-military groups (APRD and the Union des forces démocratiques pour le rassemblement (UFDR)), civil society and some opposition political parties. In addition, three institutions recommended by the dialogue, namely the Follow-up Committee on the implementation of the recommendations of the dialogue, the Steering Committee on Disarmament, Demobilization and Reintegration and the High Court of Justice, have been set up. Owing to the lack of resources, the dialogue Follow-up Committee has not been functioning as effectively as it should, while the disarmament, demobilization and reintegration programme is yet to commence concrete operations.

9. The dialogue Follow-up Committee, set up on 29 January 2009, meets on a monthly basis to review progress in the implementation of the dialogue recommendations. At its most recent meeting, held in Bangui on 18 and 19 May, the Committee again regretted the slow pace of implementation of the recommendations of the dialogue. It also complained about the lack of adequate logistical and financial resources to carry out its functions. It has adopted a revised budget of 700 million CFA francs (about US$ 1.5 million) for its operations in 2009. The Government has indicated its intention to contribute CFAF 300 million (about $600,000), while the United Nations has pledged an initial contribution of $200,000 through the emergency window of the Peacebuilding Fund.

10. The Steering Committee on Disarmament, Demobilization and Reintegration has made important progress towards advancing critical phases of the national disarmament, demobilization and reintegration programme for the Central African Republic. Essential programme documentation on disarmament and demobilization within the context of the Central African Republic has been completed and an estimated list of 7,902 potential beneficiaries has been submitted by the four political-military groups participating in the Steering Committee. The validation of these groups has not taken place. The staffing of the team for disarmament, demobilization and reintegration, located within the United Nations Development Programme (UNDP) office in Bangui, is currently under way, while preliminary planning for the reintegration phase has begun.

11. The prompt and effective implementation of the national disarmament, demobilization and reintegration programme would require financial resources the Government says it does not have. Only the Peacebuilding Fund has so far disbursed a contribution, in the amount of about $4 million, which is expected to cover the first two phases of the disarmament, demobilization and reintegration programme, that is, disarmament and demobilization. That leaves a shortfall of $16 million of the estimated $20 million budgeted for the initial execution of disarmament, demobilization and reintegration projects in the country. While the Central African Economic and Monetary Community (CEMAC), in a communiqué issued following its extraordinary summit, held in Libreville on 30 January 2009, pledged CFAF 8 billion (about $16 million) for the disarmament, demobilization and reintegration process in the Central African Republic, it is still uncertain when those funds would be made available for that purpose. In a meeting in Bangui on 23 May with the Chairman of the Peacebuilding Commission country-specific configuration

on the Central African Republic, Ambassador Jan Grauls, Permanent Representative of Belgium to the United Nations, President Bozizé indicated that he was prepared to make available for disarmament, demobilization and reintegration, the CFAF 5 billion (about $10 million) that had been deposited so far in the Central Bank. He would also transfer the remaining CFAF 3 billion once the money was disbursed by the three remaining CEMAC States.

12. I am concerned that any further delay in the implementation of the disarmament, demobilization and reintegration programme could heighten tensions in the ranks of ex-combatants waiting to be disarmed, raising the risk that some may withdraw from the disarmament, demobilization and reintegration process altogether and return to violence. A deteriorated security situation in the country may negatively impact the preparations for the 2010 elections.

13. Regarding elections, on 12 May, the Minister for Territorial Administration and Decentralization, Élie Ouéfio, officially inaugurated a broad-based ad hoc Committee called for in the recommendations of the inclusive political dialogue to review the electoral code in preparation for the 2010 legislative and presidential elections. The Minister, who is responsible for electoral matters within the Government, has repeatedly stressed to the interim head of BONUCA that once the Committee has agreed on a draft electoral code, the text would be submitted promptly for adoption by Parliament. He has insisted that such action would be followed by the establishment of the independent electoral commission, as called for in the recommendations of the dialogue. The formal engagement of the United Nations in the electoral process in the Central African Republic is contingent upon the creation of that institution, which is seen as crucial for the organization of transparent and credible polls, especially given its responsibility for such critical tasks as the revision of voters' lists and the demarcation of electoral constituencies.

14. As the Constitution of the Central African Republic stipulates that presidential elections should be held at the latest 45 days before the end of the term of the incumbent and, furthermore, does not explicitly address the issue of the possible postponement of national elections, non-respect of the electoral calendar could create a constitutional power vacuum, capable of throwing the country into a major and potentially violent political crisis. In that connection, the main opposition political parties have told Mr. Buo that they would not accept the postponement of the 2010 polls. They have pointed to the absence of financial provisions for elections in the 2009 budget to suggest that the Government all along did not plan to hold the polls in 2010, reflecting the intense mistrust that has already developed on the sensitive electoral issue. At a meeting with the Chairman of the Peacebuilding Commission configuration on the Central African Republic, on 21 May, the Prime Minister reaffirmed his Government's intention to make the necessary budget allocations for the 2010 elections.

15. To help create a climate more conducive to elections, the interim head of BONUCA has intensified discussions with senior Government officials, including with the President, the Prime Minister and the Minister for Territorial Administration and Decentralization, to stress the importance of committing to the organization of elections within the constitutional time frame. Mr. Buo has also reminded the authorities of their responsibility to ensure safe and peaceful conditions for elections, especially after Martin Ziguélé, head of the principal opposition political party, the Mouvement de libération du peuple centrafricain

(MLPC), complained of intimidation and harassment by State security forces. While reiterating their determination to organize the polls on schedule, the authorities have highlighted the Government's financial limitations and appealed for donor support. They have also refuted allegations of intimidation, with the Minister for Territorial Administration and Decentralization challenging alleged victims to provide details of specific cases, which he has promised to investigate. The European Union has announced a contribution of 4 million euros to support the 2010 elections, the only confirmed donor so far. The interim head of BONUCA has emphasized the potential benefits, including for resource mobilization purposes, of the proposed establishment of the independent electoral commission, as its timely creation could lead to increased donor support.

16. Meanwhile, in a gesture likely to promote national unity and reconciliation, President Bozizé, on 23 May, organized a State funeral for Professor Abel Goumba, a veteran opposition political leader who, up to the time of his death, served as "Médiateur de la République". He was also a former Vice-President, Prime Minister and one of the founding fathers of the Republic.

17. In its aforementioned presidential statement of 7 April, the Security Council demanded that all armed groups which had not yet done so, in particular those which had initiated military operations in the northern part of the Central African Republic, cease violence immediately. The activities of three rebel groups, the Mouvement des libérateurs centrafricains pour la justice (MLCJ), led by Abakar Sabone, the Front démocratiques du peuple centrafricain (FDPC), led by Abdoulaye Miskine and Charles Massi's Convergence des patriates centrafricains pour la justice et la paix (CPJP), have raised the most concern. While Abakar Sabone and Abdoulaye Miskine participated in the inclusive political dialogue and signed peace agreements with the Government, Charles Massi was a senior minister in the Government until January 2008. The three leaders turned to rebellion because of the alleged Government failure to fully implement the recommendations of the dialogue, as they claimed, in particular, that the Government set up by President Bozizé in January 2009 was not, in their view, sufficiently broad-based.

18. I have encouraged diplomatic and political efforts to end the rebellion and to persuade its leaders to embrace the peace process. To that end, President Bozizé sought the assistance of the Libyan leader and current Chairperson of the African Union, Colonel Muammar Qaddafi, who reaffirmed his support for efforts to find peaceful and lasting solutions to the ongoing instability in the northern part of the Central African Republic. Meanwhile, the interim head of BONUCA has continued to work closely on the ground with authorities of the Central African Republic and the leadership of the subregional peacekeeping force, MICOPAX, to facilitate the return and temporary relocation at the M'Poko military base in Bangui of Abakar Sabone. Mr. Sabone, who had recently informed the interim head of BONUCA of his readiness to end his movement's rebellion, join the peace process and submit to disarmament, demobilization and reintegration, returned to Bangui on 31 May. It is important for the other rebel leaders to follow Mr. Sabone's example and cease violence immediately, as called for by the Security Council. Meanwhile, President Bozizé reportedly met with one of the two remaining rebel leaders, Mr. Miskine, on the margins of the Community of Sahel-Saharan States summit, held in Tripoli on 29 May, with a view to facilitating Mr. Miskine's eventual return to Bangui to join the peace process. The other rebel leader, Charles Massi, was reportedly arrested

and detained by Chadian authorities, who indicated that they plan to put him on trial for attempted destabilization and alleged violation of Chad's territorial integrity.

III. Military and security situation

19. The security situation in Bangui and its surrounding areas has remained relatively calm during the period under review, although incidents of burglary, break-ins and racketeering, sometimes involving elements in defence and security forces, continued to be reported. An isolated but particularly violent confrontation took place on 12 April at Bangui's main cattle market, involving ethnic Peulh cattle herders and Chadian meat traders, which left over 30 persons dead and many others wounded. The authorities intervened promptly to restore calm and prevent a recurrence or revenge attacks.

20. In the northern provinces of Bamingui-Bangoran, Nana-Gribizi, Ouahm, Ouahm-Pendé and Vakaga, violence continued to dominate developments, provoked by several different factors. In some cases, rebel groups reportedly carried out attacks in Bossembélé, Bocaranga, Batangafo, Kabo and Ndélé, often withdrawing after being confronted by Government troops (Forces armées centrafricaines (FACA)) or local self-defence fighters. Violent attacks against civilians sometimes ensued, in the form of reprisals, for perceived collaboration with or support of rebel groups. In other cases, the violence was often the result of criminal activity, inter-communal confrontations and external incursions.

21. While the Central African Republic has largely avoided ethnic conflict in the past, I am increasingly concerned that growing inter-communal tensions, especially between pastoralists, who are largely of Peulh ethnic background, and local ethnic communities in the north-east, including the Kara, the Rounga and the Goula, could be exploited in the prevailing climate of rampant insecurity and politically motivated rebellion to sow ethnic discord and violence. That concern increased with the uncontrolled circulation of weapons in civilian communities and the proliferation of self-defence and vigilante groups, which generally operate outside the law, purportedly to protect local communities against outside forces.

22. The absence of effective State authority throughout the national territory and along the borders of the Central African Republic, especially with Chad, the Democratic Republic of the Congo and the Sudan, remained a source of concern, in particular as reports of incursions into the north-eastern and south-eastern borders of the Central African Republic by foreign armed groups have persisted.

23. In the prevailing climate of widespread insecurity in vast areas of the country, it is generally recognized that progress towards the reduction of violence and the enhancement of security and stability depends above all on the effective implementation of envisaged disarmament, demobilization and reintegration and security sector reform programmes to ensure that the various rebel and other armed groups are disarmed, demobilized and reintegrated into society as constructive citizens, and that national security institutions become effective and accountable. In the meantime, BONUCA and the United Nations country team continued to provide support to enhance the operational capacities of the police and gendarmes and to provide training to the defence and security forces in the need to respect international humanitarian and human rights law and the rights of women and children. Meanwhile, the national inter-ministerial coordination secretariat on

security sector reform, headed by the Minister of Defence has, following wide consultations, including with representatives of international organizations and donors, decided to organize a round-table conference in the near future to raise resources to finance a pilot security sector reform project focusing on security, justice and development. As security sector reform is critical for the sustainable stabilization of the Central African Republic, I appeal to the international community to generously support the forthcoming round table and future security sector reform projects generously.

24. On 24 April, the interim Head of BONUCA met in Bangui with a joint team of experts from the African Union, ECCAS and the European Union, which was visiting the Central African Republic to assess the operations of MICOPAX, in support of the Central African Republic peace process. The discussions included a review of the force's capacity in view of its involvement in support of the disarmament, demobilization and reintegration programme.

IV. Humanitarian situation

25. Despite the progress made towards peace and stability in 2008, especially following the signature of the Libreville Comprehensive Peace Agreement in June 2008 and the convening of the inclusive political dialogue in December, developments in the first quarter of 2009 revealed that the peace process was not yet irreversible and, in fact, remained fragile. As a result, thousands of Central African Republic nationals remain uprooted by violence and instability, with an estimated 118,000 of them said to be displaced in the north (mainly in the north-west) of the country, and a total of 137,400 based in southern Chad and eastern Cameroon as refugees. Peace agreements signed in 2008 made possible the return of an estimated 85,000 displaced persons and refugees, mainly in the north-east, often to find their houses destroyed and their fields overgrown. Since January 2009, an estimated 10,000 more persons are said to have become internally displaced, while over 18,000 have fled insecurity in the north to Chad. The Central African Republic also hosts 3,797 Sudanese refugees, who fled Darfur in successive waves from May 2007, including 3,244 in the Sam Ouandja refugee camp, of whom 1,986 are children. The Office of the United Nations High Commissioner for Refugees led an inter-agency emergency response team to the camp to provide humanitarian assistance and improve the infrastructure of the site, in close cooperation with the Central African Republic's National Commission for Refugees and the local population.

26. For its part, the World Food Programme (WFP) assisted 216,000 vulnerable and conflict-affected persons with a total of 7,300 tons of food commodities, including emergency relief to internally displaced persons and Sudanese refugees, school feeding for primary and pre-school children, nutritional supplementary feeding for malnourished children and pregnant and lactating women, food for work projects for the rehabilitation of basic infrastructure, food aid to children formerly associated with armed groups and food safety net support to HIV-affected households. WFP also continued to facilitate the movement of personnel and goods for the use of the humanitarian community in the Central African Republic through its United Nations Humanitarian Air Service and its logistics support (trucks and warehouse) capacity.

27. The United Nations Children's Fund (UNICEF), in partnership with the Ministry of Education and in cooperation with non-governmental organizations, continued to provide emergency education to 107,000 children in the conflict-affected northern part of the country through the establishment of 79 community-based rural schools. Wells and pumps were installed and rehabilitated, and boreholes were constructed in the conflict areas of Ouham, Ouham-Pendé, Kemo and Nana-Gribizi, benefiting over 110,000 persons.

28. After a huge increase in international attention in 2008, resource mobilization for humanitarian operations in the Central African Republic decreased during the reporting period. The 2009 consolidated appeals process for the Central African Republic of $116 million is currently funded at only 26 per cent, while the needs have increased. The Humanitarian Fund for the Central African Republic has become operational and made its second allocation in March 2009 in the amount of $4.9 million for the Central African Republic.

V. Gender

29. During the period under review, BONUCA continued to support Government and women's organizations to promote gender equality and equity in compliance with Security Council resolutions 1325 (2000), on women, peace and security, and 1820 (2008), on sexual violence. In February and March, the mission provided assistance to the Central African Republic platform for women's political participation, named "G23", to help it organize a general assembly for its official registration and the launching of its plan of action for 2009. Created in 2008 with BONUCA support, the G23 platform aims to increase women's participation in political activities, including the implementation of the recommendations of the inclusive political dialogue. BONUCA also supported the Organisation des femmes centrafricaines, the umbrella non-governmental organization for women's organizations in the Central African Republic, as well as the Ministry of Social Affairs and National Solidarity, responsible for developing and coordinating Government policies and actions on gender issues at the national level, to carry out gender awareness-raising campaigns as part of the celebration of International Women's Day in March 2009.

30. In partnership with other United Nations agencies, BONUCA continued to sensitize the military contingents of MICOPAX about sexual and gender-based violence, with the objective of raising the awareness of the subregional peacekeeping force about the need to protect women. Specific information campaigns targeting police officers were also launched to sensitize the national police to pay particular attention to incidents of violence targeting women and to enhance police effectiveness in dealing with the issue. In May 2009, BONUCA explored ways and means for cooperation with the Women's Forum of the Central African Republic National Standing Committee for monitoring the International Conference on the Great Lakes Region. Established in October 2008, the Forum intends to create a platform to harmonize advocacy strategies dealing with women's promotion and strengthen the capacity of women and girls to participate more effectively in the democratic process.

31. As part of official celebrations of Mother's Day 2009 in the Central African Republic, BONUCA, on 6 June, donated mattresses and mosquito nets to female

inmates at the Bimbo correctional facility near Bangui, at a ceremony chaired by the wife of the Prime Minister, representing the country's First Lady. At another ceremony held at the National Assembly on the same day and chaired by the First Lady herself, BONUCA made a presentation on gender, peace, stability and development, with special emphasis on the key role played by women in the peacebuilding process in the country.

VI. Human rights and rule of law

32. The persistent fragility of the post-conflict situation characterized during the reporting period by an increase in violence in the northern regions has heightened the risk of human rights violations in the Central African Republic. The majority of alleged violations of human rights and international humanitarian law received during the reporting period have been related to the conflict-affected prefectures of Bamingui-Bangoran, Ouham, Ouham-Pendé and Vakaga.

33. The abuses reported in the north included summary and extrajudicial killings, illegal arrests and detention, the destruction of homes and property and sexual and gender-based violence. The victims of these violations were mainly women, children and other vulnerable groups. The abuses were reportedly committed by Government forces, rebel movements and other armed groups, including self-defence groups and criminal gangs.

34. In other parts of the country, notably in the Sangha-Mbaéré, Nana-Mambéré, Kadei, Ombella-Mpoko, Kemo and Lobaye prefectures, increased acts of banditry and criminality as well as mob justice were reported, against the background of severe capacity limitations in the police and the judiciary, and widespread social and economic pressures. At the level of Bangui and the surrounding areas, a culture of impunity appeared to dominate the conduct of law enforcement and, in particular, security personnel. In addition, and despite the Government's continuing efforts, allegations of corruption within the judiciary remained a major challenge.

35. In February, my Representative on the human rights of internally displaced persons carried out a follow-up visit to the Central African Republic and highlighted the need to find durable solutions for the problems of internally displaced persons as part of a sustainable peace consolidation process. During the same period, BONUCA and other international partners supported the Government's efforts to finalize the drafting of the new penal and military codes which, once approved by Parliament, would enhance procedures for the administration of justice in the country. Meanwhile, the High Court of Justice, called for in the Constitution and the dialogue recommendations, was formally established on 12 May 2009. The High Court will mainly decide in cases of accusations of high treason and other acts of serious misconduct involving Cabinet ministers, Members of Parliament and the Head of State.

36. On 4 May, the Working Group on the Universal Periodic Review of the Human Rights Council considered the fulfilment of human rights obligations by the Central African Republic. The constructive dialogue with a high-level Government delegation and the recommendations emanating from that review covered a wide range of issues of concern, inter alia, including respect for the rights of women and children, including ending the recruitment of child soldiers and the practice of female genital mutilation, and decriminalizing witchcraft. I encourage the

Government to consider carefully the final report and recommendations and to strengthen further its cooperation with the Human Rights Council.

37. The Government agreed to set up a national human rights commission and had also embarked on efforts to restore discipline within the armed forces by convening, in April, a session of the Permanent Military Tribunal, where 22 junior military officers accused of human rights violations were prosecuted. However, the fight against impunity at higher levels of the military hierarchy remains largely unaddressed, contributing to the widespread concern over the perceived lack of accountability within the security and defence forces.

38. Questions about respect for the rule of law were raised in the media after reports emerged about the appointment, in early 2009, of Saiffe Durbar, a Pakistani national and businessman, as the Deputy Foreign Minister of the Central African Republic in charge of international cooperation, with residence in London. Mr. Durbar had reportedly been convicted in France for economic crimes. President Bozizé informed the interim head of BONUCA that the position was not an executive one; rather, it was only honorary in nature to recognize Mr. Durbar's important economic investments in the Central African Republic and was not in any way intended to serve as a shield from justice.

39. Meanwhile, the Protection Cluster of the BONUCA Human Rights Section, is collaborating with the Ministry of Defence to mainstream human rights, refugee law, child rights and international humanitarian law into the training modules for defence and security forces, a process likely to increase respect for the rule of law and to decrease cases of impunity.

40. The human rights situation is exacerbated by inadequate national justice capacities. The justice sector in the Central African Republic suffers from severe resource shortages, resulting in insufficient human resources in all the regions, deficient training and professionalization programmes, lack of material resources for justice activities and dilapidated justice institutions. A judicial advisory capacity within BINUCA would advise the Special Representative of the Secretary-General on justice issues and support national counterparts in the development of a national justice strategy to close the justice gap.

41. Conflict, mismanagement, corruption and poor infrastructure have led to deplorable prison conditions in the Central African Republic. The prison sites generally lack basic medical facilities and equipment, as well as water and sanitation, and fail to meet the minimum standards required under the United Nations Standard Minimum Rules for the Treatment of Prisoners (1955). A corrections sector advisory capacity within BINUCA would provide technical advice to the Special Representative of the Secretary-General and initiate contact with national actors to facilitate development of a strategy for improving prison conditions. It is important to note there is no training for prison officials in a human rights-based approach to prison management, which has led to gross abuse and violations of the rights of prisoners.

42. I remain concerned about reports of alleged human rights violations in the Central African Republic, as I consider respect for human rights and the rule of law as a critical element for sustainable peace in the country. I therefore continued to stress the need to end reported abuses and ensure respect for human rights and the

rule of law in my meetings with the authorities of the Central African Republic during the period.

VII. Socio-economic situation

43. According to economic projections by the International Monetary Fund, 2009 will be particularly challenging for the Central African Republic because of the impact of the global economic crisis, with gross domestic product estimated to grow by only 2.4 per cent instead of 4.5 per cent, as initially projected. The year is also likely to witness an increase in State expenditure owing, in particular, to the implementation of the disarmament, demobilization and reintegration programme and preparations for elections in 2010. Pursuit of ongoing economic reforms should help improve performance in the mobilization of fiscal and customs revenue in 2009. Those reforms have also increased prospects for the Central African Republic to attain by 30 June, reportedly in a record time of two years, completion point under the Heavily Indebted Poor Countries Initiative that could lead to debt relief for the country.

44. At the same time, concern has been expressed about the continuing predominance of humanitarian relief over development cooperation as well as the concentration of economic development activity in only a few areas of the country. While the number of humanitarian organizations is increasing, there are few transition and development organizations working in conflict zones and even in areas in the south not directly affected by the conflict. There is therefore a growing risk that the areas in the south not directly affected by violence may become dependent on humanitarian assistance, or that other regions may fall into emergency situations because of the lack of development programmes.

VIII. Operational activities in support of development

45. United Nations agencies, funds and programmes pursued their activities during the reporting period within the framework of the United Nations Development Assistance Framework, whose priorities include (a) promotion of good governance and respect for human rights, (b) post-conflict recovery and the fight against poverty, and (c) the fight against HIV/AIDS.

46. In the area of governance and crisis prevention, UNDP worked in close collaboration with BONUCA in support of the peace consolidation mandate. Specific support targeted the successful holding of the inclusive political dialogue, as well as technical support from the UNDP Bureau for Conflict Prevention and Recovery to BONUCA to facilitate the work of the Follow-up Committee set up to promote the implementation of the provisions of the Libreville Comprehensive Peace Agreement. It also provided expertise for judicial reform and to strengthen democratic processes related to the functioning of the National Assembly.

47. In the area of food security, the Food and Agriculture Organization of the United Nations (FAO) distributed, during the first half of 2009, 1,300 tons of food seeds and agricultural equipment to cover the needs of 66,000 vulnerable families. FAO has also prepared a €10 million food facility project to be financed by the

European Commission and distributed 3,000 goats to vulnerable families regrouped and resettled in conflict-affected areas.

48. An estimated 141,076 children, including 69,169 girls, gained access to good quality basic education in 13 prefectures thanks to a UNICEF project, in partnership with local communities and non-governmental organizations, which made possible the rehabilitation and/or construction of 27 classrooms in 9 schools and provided a total of 5,000 benches and 81,000 textbooks.

49. In the health sector, the World Health Organization (WHO) supported the Government to cope with outbreaks of yellow fever, meningitis and poliomyelitis through local immunization campaigns. UNICEF, WHO and other partners organized the biggest health campaign of its kind in the Central African Republic to vaccinate 683,302 children from 6 to 59 months of age against measles and to provide long-lasting/insecticide-treated nets and soap to 856,918 children under 5 years of age. In February and April 2009, UNICEF and WHO also supported two poliomyelitis campaigns to vaccinate 760,000 children under 5 years of age in response to the discovery, at the end of 2008, of two cases of wild polio. In addition, the United Nations Population Fund (UNFPA) and WHO provided financial and technical support to the drafting of guidelines for health districts in the framework of the national road map to reduce maternal and neo-natal mortality. UNFPA also continued to support the renovation of health infrastructure and to supply technical equipment and health products.

50. With regard to strengthening national capacity-building efforts and enhancing the fight against poverty, UNDP supported the organization of a round table on the private sector, employment and regional integration, held in Bangui on 19 February 2009 with extensive participation from international partners. Capacity-building of the Ministry of Planning, Economy and International Cooperation targeted support for the monitoring mechanisms for official development assistance flows to the Central African Republic and for the monitoring and evaluation of the implementation of the poverty reduction strategy (2008-2010). Through the support of the United Nations Capital Development Fund, UNDP is contributing to building the capacity of the microfinance structures of the Ministry of Finance. It is also supporting national efforts to fight environmental degradation.

51. In the fight against HIV/AIDS, financial support from the Global Fund to Fight AIDS, Malaria and Tuberculosis is provided through UNDP to the National Council to Combat AIDS. At the end of 2008, 114,782 persons voluntarily tested for HIV/AIDS. A total of 5,597 women diagnosed as HIV-positive, 17,454 patients were provided with medical supervision and treatment, and 10,550 patients were provided with antiretroviral drugs. Under the malaria programme, 600,000 treated mosquito nets have been distributed and 132,474 children under 5 years of age have received antimalarial treatment. At the same time, in addition to the existing centres set up to care for orphans and vulnerable children, another six centres are programmed for construction in 2009.

IX. Collaboration with the United Nations Mission in the Central African Republic and Chad

52. On 15 March, a ceremony for the transfer of the duties of the European Force (EUFOR) to the United Nations Mission in the Central African Republic and Chad (MINURCAT) was held in Birao, in the Vakaga region, in the presence of the Central African Republic Minister for Territorial Administration and Decentralization, the Minister for Communication and National Reconciliation, Cyriaque Gonda, the Minister for Foreign Affairs, Antoine Gambi, the Ambassador of France to the Central African Republic, Jean-Pierre Vidon, and the Head of the Delegation of the European Union Commission in the Central African Republic, Jean-Claude Esmieu.

53. Meanwhile, BONUCA has continued to support MINURCAT in the implementation of its mandate in the north-eastern part of the Central African Republic. My Special Representative and Head of MINURCAT, Victor da Silva Angelo, visited Bangui on 27 April to introduce the newly appointed Force Commander, Brigadier General Mahamadou Kandji, to the authorities of the Central African Republic with whom he also discussed strategies for the stabilization of the Vakaga region where MINURCAT is deployed. In addition, he met with BONUCA colleagues to review ways and means of enhancing inter-mission cooperation. Mr. Angelo held discussions with senior officials of the Central African Republic, BONUCA and the United Nations country team as well as with some members of the diplomatic corps and of humanitarian non-governmental organizations when he visited Bangui again on 27 May. A MINURCAT liaison office located within BONUCA premises in Bangui has become operational.

X. Activities of the Peacebuilding Commission

54. Since the beginning of the year, the Peacebuilding Commission intensified its efforts to deepen its engagement with the Central African Republic, including developing an integrated strategy for that country. To that end, the Chairman of the configuration on the Central African Republic of the Peacebuilding Commission, Ambassador Grauls, travelled to Bangui at the end of January to launch the process of preparing the first draft of a strategic framework for peacebuilding. A team of two experts from the Peacebuilding Support Office stayed behind for two weeks to facilitate consultations among all stakeholders. The resulting draft was submitted to the Peacebuilding Commission in New York and to relevant United Nations departments, funds and programmes, for their consideration. The resulting document, which enjoys ownership by all actors involved in the country's peacebuilding efforts, including Government, civil society and the international community, was adopted at a formal meeting of the Peacebuilding Commission on 6 May 2009.

55. Following the formal adoption of the strategic framework for peacebuilding in the Central African Republic, the Chairman of the configuration on the Central African Republic undertook a mission to Bangui from 21 to 23 May 2009 to present the framework document to all national stakeholders, including Government, Parliament, civil society, the United Nations system and the media, with a view to further strengthening national ownership of the strategy and officially starting its

implementation. The visit coincided with the ongoing effort to develop an integrated United Nations presence on the ground, which will have as part of its mandate support for the implementation of the country's strategic framework for peacebuilding.

56. The Chairman of the configuration on the Central African Republic, with the support of the Peacebuilding Support Office, has directed its efforts to (a) increase and sustain the attention of the international community to the situation in the Central African Republic, (b) mobilize resources for the implementation of the country's strategic framework for peacebuilding and (c) support the coordination of stakeholders. Over the reporting period, the Chairman has focused his efforts on sensitization and resource mobilization, and undertaken visits to the European Commission in Brussels and the World Bank in Washington, D.C., sensitization visits to the Department of State in Washington, D.C., and the Ministry of Foreign Affairs and Development Cooperation of Belgium. Most recently, the Chairman has focused increased attention on disarmament, demobilization and reintegration in the Central African Republic, through resource mobilization efforts, awareness-raising activities and participation in various coordination mechanisms on disarmament, demobilization and reintegration.

XI. United Nations Integrated Peacebuilding Office in the Central African Republic

57. As mentioned in the introduction to the present document, in its presidential statement adopted on 7 April (S/PRST/2009/5), the Security Council welcomed my recommendation of 3 March (see S/2009/128) to establish a United Nations Integrated Peacebuilding Office in the Central African Republic to succeed the current United Nations Peacebuilding Support Office. The Council also requested me to inform it, in my next report on the situation in the Central African Republic, about the structure and strength of BINUCA, "bearing in mind that resources for special political missions are limited".

A. Mandate of the United Nations Integrated Peacebuilding Office in the Central African Republic

58. In the aforementioned presidential statement, the Security Council noted with satisfaction that the United Nations Integrated Peacebuilding Office will perform the following tasks:

(a) To assist national and local efforts in implementing the dialogue outcomes, in particular through support for governance reforms and electoral processes;

(b) To assist in the successful completion of the disarmament, demobilization and reintegration process and the reform of security sector institutions, and support activities to promote the rule of law;

(c) To support efforts to restore State authority in the provinces;

(d) To support efforts to enhance national human rights capacity and promote respect for human rights and the rule of law, justice and accountability;

(e) To closely coordinate with and support the work of the Peacebuilding Commission, as well as the implementation of the strategic framework for peacebuilding and projects supported through the Peacebuilding Fund;

(f) To exchange information and analysis with MINURCAT on emerging threats to peace and security in the region;

It also requests the Secretary-General to ensure that the integrated office undertakes the following additional task:

(g) To help ensure that child protection is properly addressed in the implementation of the Comprehensive Peace Agreement and the disarmament, demobilization and reintegration process, including by supporting the monitoring and reporting mechanism established according to resolutions 1539 (2004) and 1612 (2005).

B. Transitional arrangements

59. The plan for the transition from BONUCA to BINUCA comprises three phases. Phase one would focus on the completion of the necessary preparatory work to ensure a seamless transition from BONUCA to BINUCA on 1 January 2010. That would include finalization of the budget of BINUCA, the recruitment of staff and the pre-positioning of facilities and other administrative support for BINUCA. Detailed implementation plans for each of the BINUCA integrated programmes would be developed and financial resources would be mobilized to begin implementation of integrated programme activities, including the identification of appropriate mechanisms for mobilizing and managing funds.

60. During phase two, BONUCA would cease operation on 31 December 2009 and would be in administrative liquidation from 1 January to 30 June 2010, while BINUCA would commence operation on 1 January 2010. During phase three, subject to developments on the ground, the activities envisaged under the integrated strategic framework are expected to be completed.

61. In the meantime, the Department of Political Affairs, working with the relevant departments, agencies and BONUCA, has initiated a series of logistical measures designed to facilitate a smooth and timely transition. These measures would be implemented within existing resources and would include the reconfiguration and renovation of office space, the reinforcement of electrical power generators and the improvement of information technology services, including the acquisition and installation of videoconferencing equipment.

C. Structure and strength of the United Nations Integrated Peacebuilding Office

62. It is proposed that BINUCA be headed by the Special Representative of the Secretary-General, at the Assistant Secretary-General level, who would report to the Department of Political Affairs, which, as the lead institution, would work in close cooperation with the Peacebuilding Support Office and United Nations agencies, programmes and funds in the country to help the office discharge its mandated tasks. He or she would be assisted by a Deputy Special Representative of the Secretary-General at the Director (D-2) level, who would also serve as Resident Coordinator/

Humanitarian Coordinator and UNDP Resident Representative, and thus provide the structural linkages between the Organization's political, development and humanitarian work in the Central African Republic. The Deputy Special Representative would report to the Special Representative of the Secretary-General in his or her capacity as a deputy for the integrated office and would keep his or her reporting lines as Resident Coordinator, Humanitarian Coordinator and UNDP Resident Representative to the Head of the United Nations Development Group, the Emergency Relief Coordinator and UNDP, respectively.

63. The staffing strength of BINUCA should include my Special Representative and Deputy Special Representative, 63 international Professional civilian staff, 2 military advisers and 2 civilian police advisers, as well as 14 National Officers and 7 United Nations Volunteers.

64. BINUCA would comprise a front office to support my Special Representative, an office of the Deputy Special Representative/Resident and Humanitarian Coordinator, and four substantive sections focusing on the principal areas of the mission's mandate, namely political affairs, human rights and justice, security institutions and public information. A Chief of Staff at the D-1 level would, among other things, ensure the effective direction and integrated management of all the mission's activities in line with the strategic vision and guidance of the Special Representative of the Secretary-General, coordinate the work programmes and oversee the activities of all other entities located in the office of the Special Representative, hold the overall management responsibility for the staff working in the immediate office of the Special Representative and ensure that the Special Representative receives the required support to carry out his or her functions.

65. The front office of the Special Representative should include one Special Assistant (P-4) to ensure the smooth and coordinated flow of information between the Office of the Special Representative and other sections of the mission, one Gender Adviser (P-4) to ensure that gender perspectives are properly addressed in the implementation of the mission's mandate, in compliance with Security Council resolutions 1325 (2000) and 1820 (2008). The Gender Adviser would provide advice and support on the implementation of the national action plan of the Central African Republic to promote gender equality and equity, and to enforce measures to curb violence against women, in particular sexual and gender-based violence. The front office would also comprise one Child Protection Adviser (P-4) to assist the Special Representative in ensuring that child protection, child rights and other children's issues are properly integrated in the mission's daily work and are properly addressed in the peace initiatives, in developing the disarmament, demobilization and reintegration programme, in supporting the monitoring and reporting mechanism established in accordance with Council resolution 1612 (2005) and in assisting the United Nations country team and the Government of the Central African Republic to improve the justice for children systems.

66. The Strategic Planning and Coordination Unit would comprise a Senior Strategic Planning Officer (P-5) and a Strategic Planning and Coordination Officer (P-4) who would support the work of the Peacebuilding Commission. The Unit would operate under the strategic guidance of a Joint Policy Group chaired by the Special Representative of the Secretary-General, with the Deputy Special Representative of the Secretary-General as Deputy Chairman, and comprising the heads of sections of the mission and the heads of agencies and programmes. It

would undertake joint United Nations planning and promote the integration of the political and development aspects of the Organization's engagement in the Central African Republic to ensure coherence among the strategic aims and programmatic activities of all United Nations actors in the country. The Unit would also facilitate the engagement of BINUCA and the United Nations country team with the Peacebuilding Commission and the Peacebuilding Fund. It would include staff from the Office of the United Nations Resident Coordinator, the United Nations country team and the Peacebuilding Support Office, who would be supported by a Strategic Planning and Coordination Officer (P-3/4) and four Planning and Coordination Officers, one each seconded by the United Nations Development Operations Coordination Office, the Peacebuilding Support Office, UNDP and the Office for the Coordination of Humanitarian Affairs.

67. The Political Affairs Section would assist national and local efforts to promote the smooth and full implementation of the recommendations of the inclusive political dialogue, in particular by providing support for governance reforms and electoral processes and facilitating efforts to restore State authority throughout the national territory of the Central African Republic. It would, in particular, focus on facilitating the prevention and resolution of the emerging political and security disputes. The Section would provide strategic analysis on relevant internal and subregional political and security developments and maintain engagement with key national, subregional and international stakeholders, including MINURCAT. It would comprise a Senior Political Affairs Officer (P-5) assisted by one Political Affairs Officer (P-4), two Political Affairs Officers (P-3), one Civil Affairs Officer (P-3) and four Civil Affairs Officers at the National Officer level to be assigned to each of the four sub-offices to be determined jointly with the United Nations country team in order to ensure judicious sharing of resources and common facilities as well as effective geographical coverage of the entire country. The Civil Affairs Officers would work with national and local authorities and humanitarian partners to assist in the restoration and consolidation of State authority countrywide.

68. The Human Rights and Justice Section should comprise one Senior Human Rights Officer (P-5), three Human Rights Officers at the P-4, P-3 and P-2 levels, five United Nations Human Rights Volunteers, four of whom would lead the Section's human rights offices in the countryside, and four National Officers. In addition to its monitoring, protection and public reporting functions, the Section would continue to provide capacity-building support to national institutions and other partners in the peace process, including the regional peacekeeping force, MICOPAX, and collaborate closely with MINURCAT, the United Nations Organization Mission in the Democratic Republic of the Congo and the African Union-United Nations Hybrid Operation in Darfur to address common human rights challenges. The Section would also continue with efforts to mainstream human rights in the work of the various sections and units and assist efforts to fight impunity. In close coordination with other United Nations agencies, the Section would assist the Government to promote respect for the rule of law and good governance, in particular through the provision of regular updates on human rights trends in the country and the development of capacity-building strategies for civil society that would focus on training and sensitization on international human rights standards. It would, furthermore, contribute to developing and revitalizing the capacity of the justice system of the Central African Republic. One Judicial Affairs Officer (P-4) would advise the Special Representative of the Secretary-General on

justice issues and support national efforts to strengthen the justice system through the development of a national strategy. In coordination with national and international partners, the officers would advocate for resources in the justice sector and assist national actors in developing professional capacities and access to justice. The Section should also include two Prison Experts seconded by Member States to provide technical advice to the Special Representative of the Secretary-General and the BINUCA leadership on corrections issues and one National Programme Officer. Together with key partners, they would develop a prison strategy and implement plans for the strengthening of prison systems in the Central African Republic, including holding capacity, administration, security and training programmes. A key activity would also be advocating for funds to support prison programmes.

69. The Security Institutions Section would comprise a Chief of Section (P-5) and include two Police Advisers and two Military Advisers, to be seconded by national Governments, and one Disarmament, Demobilization and Reintegration Adviser (P-3). The Disarmament, Demobilization and Reintegration Adviser would serve as the focal point on disarmament, demobilization and reintegration issues in BINUCA and would, for that purpose, work in close collaboration with UNDP. He or she would follow up on the political aspects of the disarmament, demobilization and reintegration process and provide the ne y assistance to enable the Special Representative of the Secretary-General to discharge her functions as the Chairperson of the Disarmament, Demobilization and Reintegration Steering Committee. The Section would focus on supporting national authorities with the reform of the security sector. It would provide strategic advice and capacity-building support to national security institutions, including the military and the police. It would also provide advice on the military and security implications of internal and subregional developments, and would liaise with MICOPAX and MINURCAT security officials.

70. The Public Information Section would comprise a Public Information Officer (P-4) and include a Public Information Officer (P-3) and one National Officer, who would assist with the development of a system-wide media strategy for the United Nations family in the Central African Republic to publicize United Nations activities in French and in the national language, Sango, and to project a common United Nations vision in close collaboration with the country team. The Section would focus on sensitizing the public about peace and reconciliation, working in close collaboration with the local media.

71. The Integrated Security and Safety Section would provide adequate security to the integrated mission throughout the Central African Republic. The Section would develop a security plan which would include overviews of the Central African Republic security risk assessment, describe the Central African Republic security management system and the accountabilities and responsibilities of management and staff involved in the system, and outline proactive and reactive measures associated with security contingencies, such as natural disasters, staff evacuations (international staff) and/or relocations (national and international staff), hostage incident management and response to other criminal acts committed against staff members. The Section would be headed by a Senior Security Officer (P-4/5), assisted by 1 Professional Security Officer, 16 Security Officers (Field Service) and 28 Local Security Assistants (General Service). Security management would be supported by the necessary administrative components and include a regional presence in Bangui, Bambari, Bossangoa and Bouar. The Security Officers would

work with national and local authorities in order to make possible effective support to United Nations staff and operations.

72. The Administration Section would provide cross-sectoral support for the smooth functioning of the mission in the areas of general administration, finance, budget, procurement, human resources, facilities management, information technology/communications, transportation, travel and security.

XII. Observations

73. The peace process in the Central African Republic is at a crossroads, requiring more than ever the continued support of the international community for national efforts to keep the process on track and avoid a relapse into conflict.

74. On 1 December, the Government and the people of the Central African Republic will commemorate the fifty-first anniversary of the proclamation of their Republic. They will be doing so with the country's republican institutions finally in place after years of recurrent conflict and unconstitutional rule in the course of the past five decades. That historic achievement, however, remains fragile, as the peace consolidation process in the Central African Republic continues to face major challenges and as those institutions are not always functioning as effectively as they should. I am encouraged by the growing commitment of the people, as a whole, to the democratic process and respect for the rule of law, which forms a solid foundation on which to anchor the hopes and aspirations of the country in the future.

75. The most pressing challenge, I believe, remains the need to reduce the high levels of extreme poverty under which the overwhelming majority of the people live in a country richly endowed with valuable natural resources. That is why I continue to stress the importance of a holistic approach in the quest for the sustainable stabilization of the Central African Republic, allowing for socio-economic, governance and political-military factors to be taken into account as part of a comprehensive package. It is also within that context that I welcome the adoption, on 6 May 2009, by the Peacebuilding Commission country specific configuration on the Central African Republic, of the strategic framework for peacebuilding in the Central African Republic, which identifies three priority areas on which to build partnership efforts between the Government of the Central African Republic and the international community, namely, security sector reform, governance and the rule of law, and economic growth. For that strategic partnership to produce the expected results, it is vital that both the Government and the people of the Central African Republic, on the one hand, and the international community, on the other, recommit to play their respective roles to help rebuild a stable, prosperous and democratic country. In that connection, I wish to reaffirm my personal support and that of the United Nations system for the country's ongoing stabilization effort.

76. The preparation and organization of elections scheduled for 2010 is a key outcome of the inclusive political dialogue. It is vital, in the interest of transparency and constitutional order, that the electoral calendar be respected. To that end, I welcome the work being done to revise the electoral code and stress the urgent need to set up the independent electoral commission. The United Nations would be prepared, once the requisite conditions are in place, to consider providing technical assistance to contribute to the electoral process.

77. The implementation of disarmament, demobilization and reintegration, another priority recommendation of the dialogue, is critical for sustainable peace and security, including for efforts towards security sector reform and the organization of peaceful elections. It is essential therefore for the disarmament, demobilization and reintegration programme adopted by the Disarmament, Demobilization and Reintegration Steering Committee to be adequately funded in order to prevent any further delays in the implementation of projects. In that connection, I commend the States members of CEMAC for the generous financial assistance of CFAF 8 billion they announced in Libreville on 30 January 2009 to support the disarmament, demobilization and reintegration programme in the Central African Republic, encourage the Government of the Central African Republic to ensure that this financial commitment is secured for the disarmament, demobilization and reintegration effort in accordance with its original intent and welcome durable linkages between disarmament, demobilization and reintegration and the European Community development hubs to positively impact reintegration. I also welcome the contribution of $8 million announced by the World Bank in Bangui, in April, to support rural community development projects which eventually could provide resettlement opportunities for participants in the reintegration phase of the disarmament, demobilization and reintegration programme. I therefore appeal once again to the international community and the Government of the Central African Republic to respond generously and in a timely manner to the pressing financial requirement for the prompt and effective execution of disarmament, demobilization and reintegration in the Central African Republic.

78. I remain concerned about the persistence of impunity, which contributes to the creation of a climate in which massive human rights violations, corruption and non-respect for the rule of law tend to fester and flourish, and which also contributes to discouraging foreign economic investment. It is essential, if peace is to endure, to ensure that those accused of violating the law, including international humanitarian law, are promptly brought to justice. Reports of various forms of violence and discrimination against women and other vulnerable groups, as well as reports of the continued recruitment of children into armed groups, are especially disturbing. I acknowledge the efforts made by the Government of the Central African Republic, with support from BONUCA and the United Nations country team, to promote respect for children's rights and for gender equality and equity, including through enhancing women's participation in the political process. I welcome the Security Council's decision to include child protection aspects in the mandate of the future United Nations Integrated Peacebuilding Office in the Central African Republic.

79. The reference to the region in the north-eastern part of the Central African Republic, where that country's border with Chad and the Sudan intersect, as the "triangle of death" is a dramatic reminder of the regional scope and character of cross-border insecurity in the area. Given its limited capacity and resources, the Central African Republic is perhaps the least prepared, among the three countries, to deal on its own with the costly challenges of cross-border insecurity. As MINURCAT deployment in the Vakaga region of the north-eastern part of the Central African Republic proceeds, security conditions are likely to improve progressively. Over the longer term, the ongoing experience in the north-western part of the Central African Republic, where Cameroon, Chad and the Central African Republic have, since 2005, been engaged in joint operations in the context

of a tripartite arrangement, supported by BONUCA and CEMAC, to combat cross-border insecurity, continues to offer an example of immense promise which could usefully be replicated to address insecurity along the other porous borders of the Central African Republic.

80. Drawing, in particular, from the enriching experience of last December's inclusive political dialogue, there is a sense that the Central African Republic has turned over a new page and is looking increasingly towards a more hopeful future despite the many difficult challenges that remain. To help prevent a relapse, it would be important, in the immediate term, to build on the emerging momentum by taking concrete steps to (a) end rebellion and insecurity through disarmament, demobilization and reintegration and security sector reform, (b) ensure that the 2010 national elections take place in a timely, peaceful and credible manner, (c) end impunity and corruption and promote respect for human rights and the rule of law and (d) contribute to the improvement of the living conditions and quality of life of the population. Building on that relatively modest but forward-looking road map, I am confident that the Government and the people of the Central African Republic will take the lead towards sustainable peacebuilding, with the support of the international community.

81. The imminent establishment of a United Nations Integrated Peacebuilding Office in the Central African Republic will help ensure a better coordinated and a more coherent framework to optimize the assistance of the United Nations system to contribute even more productively to the stabilization of the Central African Republic. I would therefore like to recommend that the Security Council approve the proposed structure and mandate of BINUCA for an initial period of one year, as set out in paragraphs 58-72 above. Should the Council approve my recommendations concerning the establishment of BINUCA, it would be my intention to seek resources for its funding from the General Assembly.

82. I would like once again to express deep appreciation for the constructive efforts which members of the international community continue to make to help consolidate peace in the Central African Republic. In that connection, I wish to highlight the important multisectoral contribution of the regional partners of the Central African Republic, including CEMAC, ECCAS and the African Union, which, despite their own limited resources, have generously made available financial assistance and peacekeeping forces, and crucial mediation capacity, to assist the Central African Republic, in a spirit of regional solidarity.

83. I should like to pay tribute to the memory of President Omar Bongo Ondimba for his untiring commitment to the quest for sustainable peace in the Central African Republic. He devoted much energy, attention and resources to the process as Regional Mediator, and personally guided the work of the crucial inclusive political dialogue in December 2008, as well as the efforts which led to the signing of the Comprehensive Peace Agreement in Libreville in June 2008.

84. I wish to commend the interim Head of BONUCA, Sammy Kum Buo, and BONUCA staff as a whole, as well as members of the United Nations country team in the Central African Republic, for their continued dedication to the cause of peace and development in that country, often under challenging conditions.

85. I am also grateful to Sahle-Work Zewde, who assumed her functions on 15 June 2009, for accepting to serve as my new Special Representative and Head of

BONUCA, at a critical phase in the mission, as the transition towards an integrated office (BINUCA) advances. I am confident that she will receive the full support and cooperation of the international community and, in particular, of the Government and the people of the Central African Republic. Finally, let me seize this opportunity to pay tribute to my former Special Representative, François Lonseny Fall, for the unfailing dedication and commitment with which he discharged his duties.

United Nations S/2009/310

Security Council

Distr.: General
14 June 2009

Original: English

Austria, Croatia, France, Germany, Turkey, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution

The Security Council,

Recalling all its relevant resolutions including resolutions 1808 of 15 April 2008 (S/RES/1808), 1839 of 9 October 2008 (S/RES/1839) and 1866 of 13 February 2009 (S/RES/1866),

Considering the report of the Secretary-General of 18 May 2009 (S/2009/254),

1. *Decides* to extend the mandate of the United Nations mission for a new period terminating on 30 June 2009;

2. *Decides* to remain actively seized of the matter.

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United Nations S/2009/311

Security Council

Distr.: General
16 June 2009

Original: English

Letter dated 15 June 2009 from the Chargé d'affaires a.i., of the Permanent Mission of the Islamic Republic of Iran to the United Nations addressed to the President of the Security Council

I wish to refer to certain baseless allegations raised against, and some unwarranted references made to, the Islamic Republic of Iran at the 6142nd meeting of the Security Council, held on 15 June 2009, and to state the following in this regard:

1. As the realities on the ground as well as the various reports of the International Atomic Energy Agency (IAEA), including the most recent one issued on 5 June 2009, demonstrate, and as we have stressed time and again, the nuclear programme of the Islamic Republic of Iran has been, is and will remain absolutely peaceful. This programme has never had, nor will it ever have, any military dimensions and, therefore, any allegations to the contrary, including those made in today's meeting of the Council, are totally groundless.

2. Certain members of the Security Council, namely the United States, the United Kingdom, France and Mexico, preferred to apply a selective approach in their statements at the said meeting of the Council to the IAEA's reports, including the most recent one, and unjustifiably cherry picked some parts of the IAEA reports and misused it out of context in order to manipulate the discussions in the Council and to mislead the Council members as well as world public opinion. That is, they failed, among other things, to mention that the same IAEA reports attest to the exclusively peaceful nature of the nuclear programme of the Islamic Republic of Iran both in the past and at present.

3. The latest IAEA report yet again demonstrates the fact that Iran's nuclear programme has been and continues to be exclusively peaceful and that Iran has been fully committed to its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and the IAEA Comprehensive Safeguards Agreement. The said report also confirms, like the previous IAEA reports, that Iran's nuclear activities are under continuous inspection by the IAEA and stresses that, for instance, "Since March 2007, 26 unannounced inspections have been conducted at FEP [Fuel Enrichment Plant]" and that "the Agency continues to verify the non-diversion of declared nuclear material in Iran".

4. The full implementation of the workplan which was concluded between the Islamic Republic of Iran and the IAEA in August 2007, and thus the

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resolution and closure of all six outstanding issues, has undoubtedly removed any so-called concerns or ambiguities with regard to Iran's peaceful nuclear activities in the past and at present. The conclusion and implementation of the said workplan was only possible through Iran's sincere and robust cooperation with IAEA, which went far beyond its treaty obligations.

5. The reference made by the delegation of the United States to the recent elections in the Islamic Republic of Iran was totally irrelevant and unjustifiable. We reject such an unacceptable move that is against the fundamental principles of international law and is a clear example of interference in internal affairs of other countries.

I would be grateful if you could bring the present letter to the attention of the Council members and to have it circulated as a document of the Security Council.

Eshagh **Al Habib**
Ambassador
Chargé d'affaires a.i.

United Nations S/2009/312

Security Council

Distr.: General
16 June 2009

Original: English

Letter dated 16 June 2009 from the Permanent Representative of Eritrea to the United Nations addressed to the President of the Security Council

In a move full of irony and by misappropriating the names of the African Union and the Intergovernmental Authority on Development (IGAD), some countries hostile to Eritrea, for crimes that it had not committed against Somalia, have been trying to use the Somali fig leaf to persuade the United Nations Security Council to impose sanctions on Eritrea.

Eritrea's position on the manoeuvring that has been going on in New York is the following:

1. Eritrea confidently reaffirms that it is not sending arms and/or ammunition to any party in Somalia. It categorically rejects the baseless and fabricated charges directed against it. In fact, the Special Representative of the Secretary-General on Somalia, Mr. Ahmed Ould-Abdella, has admitted to the United Nations press that despite "much talk" there was no proof of the charges against my country.

2. Contrary to the fabricated and diversionary accusations levelled against Eritrea, there is irrefutable proof that a certain country in the region, in open violation of the United Nations arms embargo, is training and arming the Islamist armed group, the Ahli Asunna and Jami'a, various clan militias and an assortment of warlords, including Barrehilale. This is in addition to its continued military intervention inside sovereign Somali territory, which continues to complicate the search for a durable peace settlement.

3. Despite the fact that the United Nations arms embargo has been violated by a number of countries as reported by the United Nations Sanctions Committee and various mass media outlets, blaming Eritrea, which has not violated the United Nations arms embargo, is unfortunate. In this respect, if the United Nations Security Council is going to impose sanctions, it must do so on the basis of unassailable proof against those countries that perpetrated an illegal military invasion of Somalia and who provided arms to Somalis in violation of the United Nations arms embargo.

4. There is no doubt that the main objective of Eritrea and the international community is to bring peace, stability and unity in Somalia, although they differ on the way forward. Regrettably, Eritrea has been criticized for not falling in line with the "international consensus" on the way forward in Somalia. However, in the past two and a half years, the Eritrean position on Somalia has proven to be more realistic and correct. Eritrea was correct in its assessment that Abdullahi Yousuf and

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Nur Adde governments, despite the "international recognition and legitimacy" conferred on them, could not bring peace and stability. It is Eritrea's considered assessment that the same could be true of the current situation in Somalia.

5. Eritrea strongly believes that if the objective is the establishment of a broadly representative government paving the way for a durable settlement, then there is a need for certain actors in the region to refrain from trying to impose certain candidates of their choice, irrespective of the qualities they see in them. This has been tried at least 15 times in the past 18 years and has failed every time. Furthermore, what is required, and what Eritrea advocates is a Somali-owned inclusive process of a reconciliation conference that would ensure the participation of all stakeholders and address the issues of all Somalis in order to achieve peace and stability in the country and in the region.

6. Most importantly, Eritrea would like to underline that it does not have any hidden agenda or interest whatsoever in creating instability in Somalia. Moreover, Eritrea has never considered Somalia a threat. The Eritrean independent opinion is simple and clear and its objective is a peaceful, stable and united Somalia, as many members of the international community would want to see.

7. For over more than six decades, Ethiopia has sought to destabilize Somalia, fought three wars against it and continued to intervene to thwart the emergence of a united government with popular legitimacy. It is farcical that the country that harbours ill will towards Somalia and its people seeks to use Somalis to fight its war against Eritrea. It is regrettable that Ethiopia, which should have been sanctioned, under Chapter 7 of the Charter of the United Nations, for continuing to illegally occupy Eritrean sovereign territories, has the temerity to pour scorn on the Security Council, by demanding sanctions on Eritrea.

It would, therefore, be a travesty of justice if members of the Security Council were to condemn a country that has not violated the United Nations arms embargo on Somalia and to reward Ethiopia, which should be brought to the dock for its invasion and violation of the arms embargo and its obligations under international law.

I would be most grateful if the present letter could be circulated as a document of the Security Council.

(*Signed*) Araya **Desta**
Ambassador
Permanent Representative

United Nations A/63/887–S/2009/313

General Assembly
Security Council

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General Assembly
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Question of Cyprus

Security Council
Sixty-fourth year

Letter dated 17 June 2009 from the Permanent Representative of Turkey to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith a letter dated 16 June 2009, addressed to you by Kemal Gökeri, Representative of the Turkish Republic of Northern Cyprus (see annex).

I should be grateful if the present letter and its annex could be circulated as a document of the General Assembly, under agenda item 21, and of the Security Council.

(*Signed*) Baki İlkin
Ambassador
Permanent Representative

09-37354 (E) 190609

Please recycle

Annex to the letter dated 17 June 2009 from the Permanent Representative of Turkey to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to refer to the letter dated 5 June 2009, addressed to you by the Greek Cypriot representative and circulated as a document of the General Assembly and of the Security Council (A/63/878-S/2009/294), which yet again contains well-known allegations of violations of "international air traffic regulations and the national airspace of the Republic of Cyprus", and to bring to your kind attention the following:

In response to such false and pretentious allegations, I wish, once again, to reiterate that flights within the sovereign airspace of the Turkish Republic of Northern Cyprus take place with the full knowledge and consent of the appropriate authorities of the State, over which the Greek Cypriot administration in South Cyprus has no jurisdiction or right of say whatsoever. Furthermore, it should be underlined that allegations of so-called violations of the flight information region or violations of air traffic regulations are invalid, as the civil aviation authority of the Turkish Republic of Northern Cyprus is the only competent authority to provide air traffic and aeronautical information services.

As stated in our previous letters, such allegations are based on the false and illegitimate claim that the sovereignty of the Greek Cypriot administration extends over the whole island, including the territory of the Turkish Republic of Northern Cyprus. This claim by the Greek Cypriot side is divorced from the existing realities in Cyprus, namely, the existence of two independent States, each exercising sovereignty and jurisdiction within its respective territory on the island.

Attempts by the Greek Cypriot representatives, through often-repeated false claims, to confer legitimacy upon an illegal administration will be futile for as long as the Turkish Cypriot people refuse to bow to its writs. What would indeed be conducive to a better climate on the island would be for the Greek Cypriot side to stop arrogating for itself the rights and responsibilities it does not legally have, and to cease all hostilities towards the Turkish Cypriot people.

Last, the Greek Cypriot administration should be reminded, once again, that its counterpart is, and has always been, the Turkish Cypriot side, not Turkey. I also deem it imperative to point out that the Turkish Cypriot side is ready and doing its best to achieve a settlement in the form of a new partnership that will be in line with the established United Nations parameters and body of work. Bizonality, political equality of the two peoples, the equal status of the two constituent States and the continuation of Turkey's effective guarantee will constitute the parameters for a solution to the Cyprus problem. Removal of the existing isolation imposed on Turkish Cypriots and equal treatment of the two sides by the international community will surely contribute positively to the efforts towards reaching a comprehensive settlement in Cyprus.

I should be grateful if the present letter could be circulated as a document of the General Assembly, under agenda item 21, and of the Security Council.

(*Signed*) M. Kemal **Gökeri**
Representative
Turkish Republic of Northern Cyprus

United Nations S/2009/314

Security Council

Distr.: General
18 June 2009

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Note by the Secretary-General

The Secretary-General has the honour to transmit herewith to the Security Council the report of the Board of Auditors on the United Nations escrow (Iraq) accounts for the year ended 31 December 2008.

09-37348 (E) 090709

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Report of the Board of Auditors on the audit of the United Nations escrow (Iraq) accounts established under the provisions of Security Council resolutions 687 (1991), 706 (1991), 778 (1992), 986 (1995), 1284 (1999), 1483 (2003) and 1762 (2007) for the 12-month period ended 31 December 2008 of the biennium 2008-2009

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Letter dated 31 March 2009 from the Secretary-General to the Chairman of the United Nations Board of Auditors

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the United Nations escrow accounts established pursuant to Security Council resolutions 687 (1991), 706 (1991), 778 (1992), 986 (1995), 1284 (1999), 1483 (2003) and 1762 (2007), for the 12-month period ended 31 December 2008 of the biennium 2008-2009, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

(*Signed*) **Ban** Ki-moon

Letter dated 10 July 2009 from the Chairman of the United Nations Board of Auditors to the President of the Security Council

I have the honour to transmit to you the financial statements of the United Nations escrow accounts established pursuant to Security Council resolutions 687 (1991), 706 (1991), 778 (1992), 986 (1995), 1284 (1999), 1483 (2003) and 1762 (2007) for the 12-month period ended 31 December 2008 of the biennium 2008-2009, which were submitted by the Secretary-General. The statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts, including the audit opinion thereon.

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa
Chairman, United Nations Board of Auditors

I. Report of the Board of Auditors

Summary

The United Nations Board of Auditors has audited the financial statements of the United Nations escrow (Iraq) accounts established under the provisions of Security Council resolutions relating to Iraq for the 12-month period ended 31 December 2008 of the biennium 2008-2009. These financial statements have been prepared on the liquidation basis of accounting which is described in note 3 (a) to the financial statements. The audit was carried out through a review of financial transactions and liquidation activities covering the period mentioned above.

The Board issued an unmodified audit report (audit opinion) on the financial statements for the period under review, as reflected in section II.

Follow-up of previous recommendations of the Board

In response to the request of the Advisory Committee on Administrative and Budgetary Questions, the Board evaluated the results and impact of the Administration's efforts to implement the Board's previous recommendations. There was only one audit recommendation contained in the Board's report for the biennium ended 31 December 2007, which was under implementation, as indicated in the annex to the present section.

Liquidation activities

In 2008, the liquidation of the oil-for-food programme was in its fifth year of operation following the adoption by the Security Council of resolution 1483 (2003). Owing to the continuous work of the Working Group, which comprises representatives from the Government of Iraq, the Central Bank of Iraq and the Secretariat, the number of letters of credit was reduced from 210 as at 31 December 2007 to 95 as at 31 December 2008. However, the liquidation continued to be hampered by the delay in the issuance of authentication documents by the Government of Iraq despite the repeated calls of the Security Council and the Secretary-General. This has delayed the complete closure of the programme.

Reserves and fund balances

As at 31 December 2008, the total reserves and fund balances of the "Humanitarian activities in Iraq" account and the "Administrative and operational costs" account amounted to $609 million, including $2.5 million of reserves for end-of-service and post-retirement benefits, $206.2 million of reserves for any unanticipated claims from suppliers and expected administrative costs during liquidation, and $400.3 million of cumulative surplus.

The Board noted that the processing of the authentication documents remained slow during the period under review. In addition, there was no timetable to resolve all outstanding issues and to complete the closure of the oil-for-food programme.

Recommendations

The Board has made two recommendations based on its audit. They are that the Administration:

(a) **Settle the outstanding accounts payable and receivable of the United Nations Monitoring, Verification and Inspection Commission and transfer all remaining unencumbered funds to the Development Fund for Iraq in accordance with Security Council resolution 1762 (2007);**

(b) **Keep under review the matter of transferring the unencumbered funds to the Development Fund for Iraq.**

A. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements of the United Nations escrow (Iraq) accounts established under the provisions of Security Council resolutions 687 (1991), 706 (1991), 778 (1992), 986 (1995), 1284 (1999), 1483 (2003) and 1762 (2007) for the 12-month period ended 31 December 2008 of the biennium 2008-2009. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as with the International Standards on Auditing. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the United Nations escrow (Iraq) accounts as at 31 December 2008 and the results of operations and cash flows for the 12-month period then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. In addition to the audit of the accounts and financial transactions, the Board carried out a review of the liquidation activities of the United Nations escrow (Iraq) accounts. The Board also reviewed the actions taken by the Administration to implement previous recommendations.

4. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the Security Council. The Board's observations and recommendations were discussed with the Administration, whose views have been appropriately reflected in the present report.

B. Detailed findings and recommendations

1. Follow-up of previous recommendations of the Board

5. The Board reviewed the actions taken by the Administration to implement the recommendation made in its report for the biennium ended 31 December 2007 (S/2008/510). That recommendation related to the pursuit by the Administration with the designated bank to review and release the cash collaterals associated with expired letters of credit with no claims of delivery. The Administration explained that it has continuously reviewed the letters of credit in collaboration with the designated bank and the Government of Iraq. As a result of the review, the number of letters of credit was reduced from 210 as at 31 December 2007 to 95 as at 31 December 2008. The cash collaterals for the cancelled letters of credit were released from the collateral portion to the non-collateral portion of the United Nations escrow (Iraq) accounts. The Board therefore considers that this recommendation is under implementation, as indicated in the annex to the present section.

2. Liquidation activities and status of the oil-for-food programme

Liquidation activities

6. Following the adoption of Security Council resolution 1483 (2003), the oil-for-food programme was terminated on 21 November 2003. The Administration continued the wind-down and liquidation of the escrow (Iraq) accounts, and arrangements and progress were regularly reported to the Security Council. In his letter to the Secretary-General dated 8 November 2007 (S/2007/661), the President of the Security Council conveyed the Council members' affirmation that the oil-for-food programme would be terminated by 31 December 2007. The Security Council later extended the time limit to resolve outstanding issues until 30 June 2008 through the letter dated 23 May 2008 from the President of the Council to the Secretary-General (S/2008/341). At the time of the audit, the programme was still under liquidation and its closure was pending. The Secretary-General, by his letter to the President of the Security Council dated 1 May 2009 (S/2009/230), apprised the Security Council of the status of the remaining activity relating to the programme.

7. At meetings between the representatives of the Government of Iraq and the United Nations Secretariat during November 2007, it was agreed that a Working Group made up of members of the Secretariat, the Ministry of Foreign Affairs of the Government of Iraq, the Central Bank of Iraq and the concerned ministries of the Government of Iraq would be set up to resolve issues arising from the unpaid letters of credit with claims of delivery related to the oil-for-food programme. In 2008, the Working Group held three meetings to address and resolve outstanding issues.

8. In his letters to the President of the Security Council dated 11 March 2008 (S/2008/175), 9 May 2008 (S/2008/318) and 25 July 2008 (S/2008/492), the Secretary-General reported to the Security Council on the outcomes of the meetings of the Working Group, the continuing arrangements for the liquidation of the outstanding letters of credit and the slow progress being made, and reiterated the proposal to resolve outstanding issues, including, but not limited to, the establishment of a dispute resolution mechanism.

9. The Security Council took note of the matter and, through the letter from the President of the Council to the Secretary-General dated 23 May 2008 (S/2008/341), the members of the Council affirmed that, in the light of the report to be submitted by the Secretary-General in July 2008, they would, at that time, take the necessary decisions in order to conclude all outstanding issues and end the oil-for-food programme without the possibility of any further extensions.

10. At its meeting held from 27 to 30 May 2008 in Amman, the Working Group proposed three alternatives to be considered by the Security Council in order to conclude all outstanding issues, as follows: (a) in accordance with the instructions of the Security Council, the Working Group would continue its work to process the remaining letters of credit; (b) the establishment of a dispute resolution mechanism to resolve all outstanding issues relating to the unpaid letters of credit; and (c) the transfer of responsibility for the administration of the remaining activity under the oil-for-food programme to the Government of Iraq (see S/2008/492, attachment, para. 18). The Board was informed that no further response to the three proposals had been received from the Security Council by the time of the audit.

Letters of credit

11. As in previous years, all obligations relating to contracts that had not been prioritized in accordance with Security Council resolution 1483 (2003) have been closed, except those for which letters of credit have been retained by the Administration. Obligations relating to contracts that had been prioritized remained as liabilities of the oil-for-food programme, and the related letters of credit have not been closed.

12. Under existing procedures pursuant to Security Council resolution 986 (1995) and subsequent resolutions relating to the programme, payments can not be made to suppliers who have delivered goods and services in Iraq without receipt of the corresponding authentication documents from the Central Bank of Iraq on behalf of the Government of Iraq. In the absence of authentication documents, letters of credit with claims of delivery would remain unresolved, and the corresponding cash collateral would continue to be held in the United Nations escrow (Iraq) accounts.

13. The United Nations Secretariat regularly reviewed letters of credit that had expired without claims of delivery asserted by the supplier to determine whether a letter of credit could be cancelled. With the cancellation of the letters of credit, the corresponding cash collateral was released from the collateral portion to the non-collateral portion of the United Nations escrow (Iraq) accounts and the unliquidated obligations were cancelled accordingly.

14. In 2008: (a) 84 letters of credit were fully cancelled; (b) 7 letters of credit were fully paid; and (c) 24 letters of credit were partially paid and the remaining balances were cancelled. As a result, the number of letters of credit decreased from 210 as at 31 December 2007, with a value of $656.25 million, to 95 as at 31 December 2008 with a value of $344.69 million, as shown in table 1. All 95 outstanding letters of credit had expired by 31 December 2007.

Table 1
Outstanding letters of credit as at 31 December 2008
(United States dollars)

Expiration date	*Number of letters of credit*	*Amount*
2004	22	24 106 865
2005	3	1 045 663
2006	35	109 742 365
2007	35	209 791 263
Total	**95**	**344 686 156**

Note: Based on the designated bank's liability report.

Processing of authentication documents

15. More than five years after the announcement of the termination of the oil-for-food programme in November 2003, the Secretary-General expressed in his letters to the President of the Security Council his concern over the chronic problem of the slow provision or non-provision of the necessary authentication documents by the Government of Iraq. He reiterated the need for the Government of Iraq to process

the confirmation of arrival of goods and services relating to letters of credit to make it possible to terminate the operation of the programme.

16. Since the situation could present a serious risk to the termination of the programme, the Security Council strongly encouraged the Government of Iraq to do its utmost in the meantime, in liaison with the Secretariat of the United Nations, to expedite the processing of the remaining letters of credit (see S/2008/341).

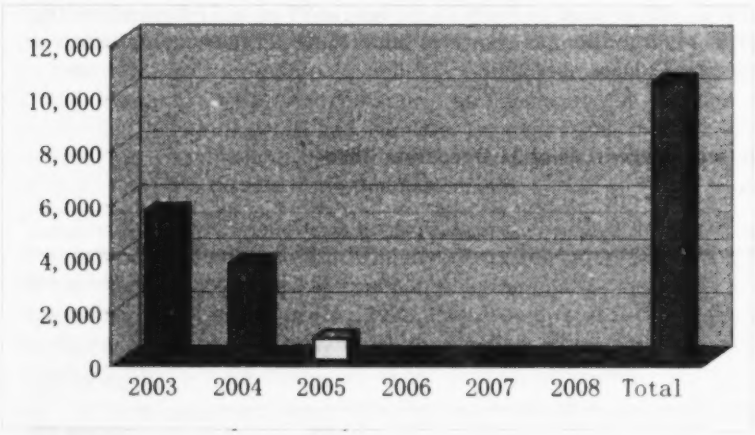
17. The Board is concerned that the liquidation continues to be hampered by the delay in the issuance of authentication documents by the Government of Iraq despite the repeated calls of the Security Council and the Secretary-General. This has delayed the termination of the oil-for-food programme, with no timetable to resolve all outstanding issues and to complete the closure of the programme.

Development Fund for Iraq

18. The Development Fund for Iraq was established pursuant to Security Council resolution 1483 (2003), which mandated, inter alia, that unencumbered funds from the oil-for-food programme be transferred to the Fund. As shown in the figure below, from the adoption of Security Council resolution 1483 (2003) up to 31 December 2008, total transfers to the Fund amounted to $10.42 billion, including transfers of $5.86 million in 2008. The mandate of the Board does not include auditing of the activities or financial records of the Fund.

Funds transferred to the Development Fund for Iraq

(Millions of United States dollars)



"Monitoring, verification and inspection" account

19. By its resolution 687 (1991), the Security Council established the United Nations Special Commission to carry out immediate on-site inspection of Iraq's biological, chemical and missile capabilities. Noting that Iraq had not complied with Council resolutions 686 (1991) and 687 (1991), the Council, by its resolution 1284 (1999), established the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC), which replaced the Special Commission. UNMOVIC assumed the responsibilities mandated to the Special Commission and took over all

of its assets, liabilities and archives. Its costs were met from the funds deposited in the escrow accounts established under Security Council resolution 986 (1995).

20. By its resolution 1762 (2007), the Security Council terminated the mandate of UNMOVIC and requested the Secretary-General to transfer to the Government of Iraq through the Development Fund for Iraq not later than three months from the date of adoption of the resolution, all remaining unencumbered funds in the account established pursuant to paragraph 8 (e) of resolution 986 (1995), after returning to Member States at their request contributions made by them pursuant to paragraph 4 of resolution 699 (1991).

21. From the adoption of resolution 1762 (2007) to 31 December 2008, $28.5 million was transferred from the UNMOVIC account to the Development Fund for Iraq. However, as at 31 December 2008, the total assets of UNMOVIC amounted to $1.78 million, while the corresponding liabilities amounted to $130,000.

22. **The Administration agreed with the Board's recommendation that it: (a) settle the outstanding accounts payable and receivable; and (b) transfer all remaining unencumbered funds of UNMOVIC to the Development Fund for Iraq in accordance with Security Council resolution 1762 (2007).**

3. United Nations system accounting standards and financial statement disclosures

23. The Board assessed the extent to which the financial statements of the United Nations escrow (Iraq) accounts for the 12-month period ended 31 December 2008 of the biennium 2008-2009 conformed to the United Nations system accounting standards. The review indicated that the presentation of the financial statements was generally consistent with the standards.

24. As stated in note 3 (a), the financial statements were presented on the liquidation basis of accounting, which may require realization of assets and extinguishment of liabilities outside the normal course of business. The Administration disclosed that the United Nations escrow (Iraq) accounts had no assets or liabilities requiring adjustment or classification under the liquidation basis of accounting.

4. Financial overview

25. The significant account balances reflected in statements I and II in section IV are set out in table 2. There was a net excess of income over expenditure of $13.4 million in 2008, compared with a net shortfall of $11.35 million in 2006.

Table 2
Analysis of account balances
(Thousands of United States dollars)

Account	*2008*	*2006*	*Increase (decrease)*	*Percentage increase (decrease)*
Total income	37 698	68 641[a]	(30 943)	(45)
Interest income (included in total income)	34 783	48 700	(13 917)	(29)
Total expenditure	24 305	79 987	(55 682)	(70)
Purchases of humanitarian supplies and oil spares (included in total expenditure)	1 406	64 692	(58 638)	(98)
Cash and term deposits	928 671	1 124 850	(196 179)	(17)
Cash pool	25 469	95 551	(70 082)	(73)
Unliquidated obligation	348 032	916 670	(568 325)	(62)
Reserves and fund balances	610 890	312 103	298 787	96

Note: Based on the audited financial statements.

[a] The amount of total income in 2006 was restated by deducting $4.1 million of "funding from operating reserves" from the original amount of $72.74 million to conform to the current presentation.

26. Total income of $37.7 million in 2008, which was derived mainly from interest earned on cash and term deposits as well as the cash pool, decreased by 45 per cent compared with the total income of $68.64 million in 2006. This decrease was attributable primarily to: (a) the currency exchange loss of $17.09 million in 2008 owing to the fluctuations in currency exchange rates between the United States dollar and other currencies compared with the currency exchange gain of $18.82 million in 2006; and (b) the decline in interest income from $48.7 million in 2006 to $34.78 million in 2008 owing to the decrease of interest rates.

27. Total expenditure declined by 70 per cent, from $79.99 million in 2006 to $24.3 million in 2008. Statement I in section IV reflects a total expenditure of $18.5 million for humanitarian activities in 2008. Of that amount, $17.09 million pertained to currency exchange adjustments, and $1.41 million pertained to the purchase of humanitarian supplies and spare parts. From the inception of the oil-for-food programme up to 31 December 2008, total expenditures for the purchase of humanitarian supplies and oil spares reached $43.91 billion, as shown in table 3.

Table 3
Expenditures for humanitarian supplies and oil spares
(Thousands of United States dollars)

Period	*Humanitarian supplies*	*Oil spares*	*Total*
1996-1997	2 401 843	0	2 401 843
1998-1999	6 026 701	344 687	6 371 388
2000-2001	19 988 807	2 368 641	22 357 448
2002-2003	11 119 750	1 286 236	12 405 986

Period	*Humanitarian supplies*	*Oil spares*	*Total*
2004-2005	200 358	79 387	279 745
2006-2007	86 554	1 701	88 255
2008	684	722	1 406
Total	**39 824 697**	**4 081 374**	**43 906 071**

Note: Based on data provided by the Administration.

28. Total cash resources (cash and term deposits and cash pool), which amounted to $1.22 billion as at 31 December 2006, decreased by 22 per cent, to $954.14 million, as at 31 December 2008. Despite the decline, the cash resources of the "Humanitarian activities in Iraq" account, amounting to $928.63 million, were still sufficient to cover the $346.56 million of current and prior-year unliquidated obligations arising from approved contracts for humanitarian supplies and oil spares.

5. Accounts and financial reporting

Reserves and fund balances

29. Paragraph 17 of Security Council resolution 1483 (2003) states that after deducting all relevant United Nations expenses associated with the shipment of authorized contracts and costs to the programme outlined in paragraph 16 (c) of the resolution, including residual obligations, all surplus funds in the escrow accounts established pursuant to paragraph 8 (a), 8 (b), 8 (d) and 8 (f) of resolution 986 (1995) should be transferred at the earliest possible time to the Development Fund for Iraq.

30. As at 31 December 2008, the total reserves and fund balances of the "Humanitarian activities in Iraq" account and the "Administrative and operational costs" account amounted to $608.8 million, an increase of 60 per cent compared with $381.6 million as at 31 December 2007. Of the above-mentioned $609 million, $2.5 million represented reserves for end-of-service and post-retirement benefits, $206.2 million stood for other reserves for any unanticipated claims from suppliers and expected administrative costs during liquidation, and the remaining $400.3 million was cumulative surplus.

31. In the Note attached to his letter to the President of the Security Council dated 11 March 2008 (S/2008/175), the Secretary-General suggested that $100 million be transferred from the unencumbered fund to the Development Fund for Iraq pursuant to Security Council resolution 1483 (2003). In his letter dated 23 May 2008 (S/2008/341), the President of the Security Council informed the Secretary-General that the members of the Council had taken note of the possibility of transferring unencumbered funds to the Development Fund for Iraq and recommended that all unencumbered funds associated with the oil-for-food programme remain in the United Nations escrow (Iraq) accounts until such time as all outstanding issues had been resolved.

32. The Board noted that the processing of the authentication documents remained slow during the period under review and that there was no timetable to resolve all outstanding issues and to complete the closure of the oil-for-food programme. In addition, as at 31 December 2008, there were still reserves of $206.2 million for any unanticipated claims from suppliers and expected liquidation costs.

33. **The Board recommends that the Administration keep under review the matter of transferring the unencumbered funds to the Development Fund for Iraq.**

34. The Administration explained that it had already been reviewing the matter of slowness of receipt of the authentication documents and continued to keep under review the issue of transferring the unencumbered funds to the Development Fund for Iraq.

35. Taking into consideration the large amount of reserves and fund balances as at 31 December 2008 as well as the absence of a timetable to resolve all outstanding issues and to complete the closure of the oil-for-food programme, the Board is of the view that the ongoing review of the matter of transferring the unencumbered funds to the Development Fund for Iraq at the earliest possible time would be favourable to the implementation of Security Council resolution 1483 (2003).

6. Write-offs and disposals

36. As required by rules 106.8 and 106.9 of the Financial Regulations and Rules of the United Nations, the Administration informed the Board that there had been only one write-off in 2008 in the amount of $2,415. This write-off related to receivables outstanding for more than two years owing to the overpayment to a staff member.

7. Ex gratia payments

37. In accordance with rule 105.12 of the Financial Regulations and Rules, the Administration reported to the Board that there had been no ex gratia payments in respect of the United Nations escrow (Iraq) accounts for the period under review.

8. Independent inquiry into the oil-for-food programme

38. In April 2004, the Secretary-General appointed a high-level Independent Inquiry Committee to investigate the administration and management of the programme. Although the work of the Committee was substantially completed in 2005, its term was extended to assist duly authorized law enforcement and regulatory agencies in cases arising from its work.

39. On 1 January 2007, the Committee wound up its operations, and the Office of the Independent Inquiry Committee was established for an interim period of two years as part of the Secretariat. The work of the Office of the Committee is being performed by the representative designated by the former members of the Committee and his or her designees. On 15 September 2008, the Secretary-General approved the recommendation of the representative of the Office of the Independent Inquiry Committee to extend its mandate until 31 December 2010. The costs of the Office of the Committee in 2008, which amounted to $364,000, were met from the "Administrative and operational costs" account.

9. Cases of fraud and presumptive fraud

40. The Administration informed the Board that there had been no cases of fraud or presumptive fraud that related to the United Nations escrow (Iraq) accounts for the period under review. However, in his letter to the Board dated 29 April 2009, the United Nations Controller indicated that investigations were being conducted by member countries on their own nationals and companies that were related to the oil-

for-food programme, which might or might not uncover any fraud or presumption of fraud.

C. Acknowledgement

41. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General, the Under-Secretary-General for Management, the Assistant Secretary-General and Controller and members of their staff.

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa
(Chairman, United Nations Board of Auditors)

(*Signed*) **Liu** Jiayi
Auditor-General of the People's Republic of China
(Lead Auditor)

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France

10 July 2009

Annex

Status of implementation of recommendation for the biennium ended 31 December 2007

Summary of recommendation	*Paragraph reference (S/2008/510)*	*Financial period first made*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration should continue to pursue with the designated bank the review and release of cash collaterals associated with the expired letters of credit with no claims of delivery	26	2006-2007		x		
Number of recommendations				1		
Percentage of total number of recommendations				**100**		

II. Report of the Board of Auditors (audit opinion)

Report on the financial statements

We have audited the accompanying financial statements of the United Nations escrow (Iraq) accounts established under the provisions of Security Council resolutions relating to Iraq for the 12-month period ended 31 December 2008 of the biennium 2008-2009. These statements comprise the statement of income and expenditure and changes in reserve and fund balances for the 12-month period ended 31 December 2008 of the biennium 2008-2009 (statement I), statement of assets, liabilities and reserves and fund balances as at 31 December 2008 (statement II), the statement of cash flows for the period then ended (statement III), and the notes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with the United Nations system accounting standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Secretary-General, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements, which have been prepared on a liquidation basis of accounting, present fairly, in all material aspects, the financial position of the United Nations escrow (Iraq) accounts as at 31 December 2008 and

its financial performance and cash flows for the 12-month period then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

In our opinion, the transactions of the United Nations escrow (Iraq) accounts for the 12-month period ended 31 December 2008 that have come to our notice, or which we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules, we have also issued a long-form report on the audit of the United Nations escrow (Iraq) accounts.

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa
(Chairman, United Nations Board of Auditors)

(*Signed*) **Liu** Jiayi
Auditor-General of the People's Republic of China
(Lead Auditor)

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France

10 July 2009

III. Certification of the financial statements

1. The financial statements for the United Nations escrow (Iraq) accounts established prepared pursuant to Security Council resolutions 687 (1991), 706 (1991), 778 (1992), 986 (1995), 1284 (1999), 1483 (2003) and 1762 (2007), for the 12-month period ended 31 December 2008 of the biennium 2008-2009 have been prepared in accordance with financial rule 106.10.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. The notes provide additional information and clarifications for the financial activities related to Security Council resolutions 687 (1991), 706 (1991), 778 (1992), 986 (1995), 1284 (1999), 1483 (2003) and 1762 (2007) undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the United Nations escrow (Iraq) accounts, numbered I to III, are correct.

(*Signed*) Jun **Yamazaki**
Assistant Secretary-General, Controller

27 March 2009

IV. Financial statements for the 12-month period ended 31 December 2008 of the biennium 2008-2009

Statement I

United Nations escrow accounts established under the provisions of Security Council resolutions relating to Iraq[a]

Statement of income and expenditure and changes in reserves and fund balances for the 12-month period ended 31 December 2008 of the biennium 2008-2009

(Thousands of United States dollars)

	Resolutions 986 (1995) and 1483 (2003)		*Resolutions 687 (1991), 706 (1991), 1284 (1999), 1762 (2007)*[b]	*Resolutions 687 (1991), 706 (1991), 1284 (1999)*[c]		
	Humanitarian activities in Iraq	*Administrative and operational costs*	*Monitoring, verification and inspection*	*Other activities*	*Total 2008*	*Total 2006*[d]
Income						
Interest income	33 688	881	214	—	34 783	48 700
Miscellaneous income	2 557	301	57	—	2 915	1 119
Currency exchange adjustments[e]	—	—	—	—	—	18 822
Total income	**36 245**	**1 182**	**271**	**—**	**37 698**	**68 641**
Expenditure						
Purchase of humanitarian supplies[f]	684	—	—	—	684	49 103
Purchase of spare parts[f]	722	—	—	—	722	15 589
Administrative expenses	—	3 615	1 709	120	5 444	13 228
Independent Inquiry Committee expenses[g]	—	364	—	—	364	2 067
Currency exchange adjustments[e]	17 091	—	—	—	17 091	—
Total expenditure	**18 497**	**3 979**[h]	**1 709**[h]	**120**	**24 305**	**79 987**
Excess (shortfall) of income over expenditure	**17 748**	**(2 797)**	**(1 438)**	**(120)**	**13 393**	**(11 346)**
Prior-period adjustments	—	(2)	—	—	(2)	(9)
Net excess (shortfall) of income over expenditure	**17 748**	**(2 799)**	**(1 438)**	**(120)**	**13 391**	**(11 355)**
Cancellation of prior-period obligations	214 909	198	180	1	215 288	233 304
Transfers to Development Fund for Iraq[i]	(2 436)	—	(3 423)	—	(5 859)	(185 000)

	Resolutions 986 (1995) and 1483 (2003)		Resolutions 687 (1991), 706 (1991), 1284 (1999), 1762 (2007)[b]	Resolutions 687 (1991), 706 (1991), 1284 (1999)[c]		
	Humanitarian activities in Iraq	*Administrative and operational costs*	*Monitoring, verification and inspection*	*Other activities*	*Total 2008*	*Total 2006*[a]
Transfers (to)/from the United Nations and other agencies	—	—	—	—	—	(417)
Transfers (to)/from other funds[j]	—	(225)		225	—	—
Other adjustments to fund balances	—	—	—	—	—	(1 694)
Reserves and fund balances, beginning of period	356 963	24 633	6 335	139	388 070	277 265
Reserves and fund balances, end of period	**587 184**	**21 807**	**1 654**	**245**	**610 890**	**312 103**

[a] There were no activities relating to pipelines tariff charges or assets transfers and contributions during this period; see also notes 1 and 3.
[b] Refers to the United Nations Monitoring Verification and Inspection Commission; see note 3.
[c] Refers to activities undertaken further to Security Council resolutions 687 (1991) and 706 (1991); see note 3.
[d] Restated to conform to the current presentation.
[e] Represents currency exchange fluctuations between the euro and the United States dollar and other currencies.
[f] Expenditure incurred during the period from January to December 2008 for humanitarian supplies and spare parts relating to adjustments and reinstatements of contracts entered into in previous years. This expenditure includes unliquidated obligations of $928,800.
[g] See note 4.
[h] The portion of expenditures that relates to disbursements is met from operating reserves; see note 5.
[i] Represents transfers to the Development Fund for Iraq held by the Central Bank of Iraq pursuant to Security Council resolution 1483 (2003); see notes 7 (e) and 7 (f).
[j] Represents the transfer of $225,000 to the High-level Coordinator for the repatriation or return of all Kuwaiti and third-country nationals or their remains and the return of all Kuwaiti property, as authorized by the Security Council.

The accompanying notes are an integral part of the financial statements.

Statement II

United Nations escrow accounts established under the provisions of Security Council resolutions relating to Iraq[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2008

(Thousands of United States dollars)

	Resolutions 986 (1995) and 1483 (2003)		*Resolutions 687 (1991), 706 (1991), 1284 (1999), 1762 (2007)*	*Resolutions 687 (1991), 706 (1991), 1284 (1999)*		
	Humanitarian activities in Iraq	*Administrative and operational costs*	*Monitoring, verification and inspection*	*Other activities*	*Total 2008*	*Total 2006*
Assets						
Cash and term deposits	928 630	40	1	—	928 671	1 124 850
Cash pool	—	23 797[b]	1 672[c]	—	25 469	95 551
Accounts receivable						
Inter-fund balances receivable[d]	443	—	89	272	804	184
Accounts receivable from inter-agencies[e]	4 624	—	—	—	4 624	4 876
Other accounts receivable	46	23	16	7	92	7 897
Deferred charges	—	8	—	—	8	38
Total assets	**933 743**	**23 868**	**1 778**	**279**	**959 668**	**1 233 396**
Liabilities						
Unliquidated obligations — current year	928[f]	1 361	93	19	2 401	60 415
Unliquidated obligations — prior years	345 631[g]	—	—	—	345 631	856 255
Accounts payable						
Inter-fund balances payable[d]	—	627	—	—	627	2 011
Accounts payable to inter-agencies	—	—	—	—	—	24
Other accounts payable	—	73	31	15	119	894
End-of-service liabilities	—	—	—	—	—	1 694
Total liabilities	**346 559**	**2 061**	**124**	**34**	**348 778**	**921 293**
Reserves and fund balances						
Operating reserves[h]						
Reserves for end-of-service and post-retirement benefits	—	2 495	51	—	2 546	—

	Resolutions 986 (1995) and 1483 (2003)		Resolutions 687 (1991), 706 (1991), 1284 (1999), 1762 (2007)	Resolutions 687 (1991), 706 (1991), 1284 (1999)		
	Humanitarian activities in Iraq	*Administrative and operational costs*	*Monitoring, verification and inspection*	*Other activities*	*Total 2008*	*Total 2006*
Other reserves	187 000	19 221	1 322	—	207 543	204 037
Cumulative surplus	400 184	91	281	245	400 801	108 066
Total reserves and fund balances	**587 184**	**21 807**	**1 654**	**245**	**610 890**	**312 103**
Total liabilities and reserves and fund balances	**933 743**	**23 868**	**1 778**	**279**	**959 668**	**1 233 396**

[a] There were no activities relating to pipelines tariff charges or assets transfers and contributions during this period, see also notes 1 and 3.

[b] Represents share of the United Nations Headquarters cash pool for "Administrative and operational costs", comprising cash and term deposits $2,900,910, short-term investments $2,902,503 (market value $2,914,829), long-term investments $17,849,368 (market value $18,088,907) and accrued interest receivable $143,785.

[c] Represents share of the United Nations Headquarters cash pool for "Monitoring, verification and inspection" comprising cash and term deposits $203,826, short-term investments $203,938 (market value $204,804), long-term investments $1,254,147 (market value $1,270,978) and accrued interest receivable $10,103.

[d] See note 2 k (iv).

[e] Represents the funds advanced to the United Nations agencies for the implementation of humanitarian activities.

[f] Unliquidated obligations incurred during the period from January to December 2008 for humanitarian supplies and spare parts relating to adjustments and reinstatements of contracts entered into in previous years.

[g] See note 7 (d).

[h] See note 5.

The accompanying notes are an integral part of the financial statements.

Statement III

United Nations escrow accounts established under the provisions of Security Council resolutions relating to Iraq[a]

Statement of cash flows for the 12-month period ended 31 December 2008 of the biennium 2008-2009

(Thousands of United States dollars)

	Resolutions 986 (1995) and 1483 (2003)		*Resolutions 687 (1991), 706 (1991), 1284 (1999), 1762 (2007)*	*Resolutions 687 (1991), 706 (1991), 1284 (1999)*		
	Humanitarian activities in Iraq	*Administrative and operational costs*	*Monitoring, verification and inspection*	*Other activities*	*Total 2008*	*Total 2006*[b]
Cash flows from operating activities						
Net excess (shortfall) of income over expenditure (Statement I)	17 748	(2 799)	(1 438)	(120)	13 391	(11 355)
(Increase) decrease in inter-fund balances receivable	(443)	—	(89)	(133)	(665)	183
(Increase) decrease in accounts receivable from inter-agencies	—	—	—	—	—	436
(Increase) decrease in other accounts receivable	59	21	14	(5)	89	(5 181)
(Increase) decrease in deferred charges	—	(1)	11	—	10	2
Increase (decrease) in unliquidated obligations	(310 279)	902	(121)	18	(309 480)	(363 059)
Increase (decrease) in inter-fund accounts payable	(17)	312	(3 520)	—	(3 225)	(9 517)
Increase (decrease) in accounts payable to inter-agencies	—	—	—	—	—	(66)
Increase (decrease) in other accounts payable	—	(101)	(84)	14	(171)	(179)
Increase (decrease) in other liabilities	—	—	—	—	—	(1)
Increase (decrease) in end-of-service liabilities	—	—	—	—	—	1 694
Less: interest income	(33 688)	(881)	(214)	—	(34 783)	(48 700)
Net cash from operating activities	**(326 620)**	**(2 547)**	**(5 441)**	**(226)**	**(334 834)**	**(435 743)**
Cash flows from investing activities						
Interest income	33 688	881	214	—	34 783	48 700
Net cash from investing activities	**33 688**	**881**	**214**	**—**	**34 783**	**48 700**
Cash flows from financing activities						
Cancellation of prior period obligations	214 909	198	180	1	215 288	233 304
Transfers to the Development Fund for Iraq	(2 436)	—	(3 423)	—	(5 859)	(185 000)
Transfers (to)/from the United Nations and other entities	—	—	—	—	—	(417)
Transfers (to)/from other funds	—	(225)	—	225	—	—

	Resolutions 986 (1995) and 1483 (2003)		Resolutions 687 (1991), 706 (1991), 1284 (1999), 1762 (2007)	Resolutions 687 (1991), 706 (1991), 1284 (1999)		
	Humanitarian activities in Iraq	*Administrative and operational costs*	*Monitoring, verification and inspection*	*Other activities*	*Total 2008*	*Total 2006*[b]
Other adjustments to fund balances	—	—	—	—	—	(1 694)
Net cash from financing activities	**212 473**	**(27)**	**(3 243)**	**226**	**209 429**	**46 193**
Net increase (decrease) in cash and term deposits and cash pool	**(80 459)**	**(1 693)**	**(8 470)**	**—**	**(90 622)**	**(340 850)**
Cash and term deposits and cash pool beginning of period	**1 009 089**	**25 530**	**10 143**	**—**	**1 044 762**	**1 561 251**
Cash and term deposits and cash pool end of period	**928 630**	**23 837**	**1 673**	**—**	**954 140**	**1 220 401**

[a] There were no activities relating to pipelines tariff charges or assets transfers and contributions during this period; see also notes 1 and 3.
[b] Comparative figures have been reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

Note 1
United Nations escrow account established under the provisions of Security Council resolution 986 (1995) (statements I, II and III)

(a) An escrow account to be administered by the Secretary-General was established in 1996 in order to receive the proceeds from the sale of Iraqi oil approved by the Security Council in resolution 986 (1995). In paragraph 1 of that resolution, the Security Council authorized States to permit the import of petroleum and petroleum products originating in Iraq, including financial and other essential transactions directly relating thereto, sufficient to produce a sum not exceeding a total of $1 billion every 90 days. In paragraph 3 of that resolution, the Council decided that the provision should remain in force for 180 days.

(b) The authorization given in paragraph 2 of resolution 986 (1995) permitted Turkey to import petroleum and petroleum products originating in Iraq, sufficient to meet the pipeline tariff charges for the transport of these products through the Kirkuk-Yumurtalik pipeline in Turkey, after the deduction of 30 per cent for the Compensation Fund. In resolution 1330 (2000), the Security Council revised this deduction to 25 per cent. Owing to the cessation of the oil-for-food programme pipeline tariff charges are no longer incurred.

(c) The provision of resolution 986 (1995) authorizing sales of Iraqi oil not exceeding a total of $1 billion every 90 days remained in force until 30 May 1998 in accordance with Security Council resolutions 1111 (1997), 1129 (1997), 1143 (1997) and 1158 (1998).

(d) The Security Council, in paragraph 2 of resolution 1153 (1998), which took effect on 1 June 1998, decided that the authorization given to States in paragraph 1 of resolution 986 (1995) should permit the import of petroleum and petroleum products originating in Iraq, including financial and other essential transactions directly relating thereto, sufficient to produce a sum not exceeding a total of $5.256 billion, in the 180-day period referred to in paragraph 1 of resolution 1153 (1998). This provision remained in force in accordance with resolutions 1210 (1998), 1242 (1999) and 1281 (1999).

(e) By resolution 1284 (1999) of 17 December 1999 the Security Council lifted the dollar cap and authorized sales of Iraqi oil of any volume during the 180-day mandate period. This provision remained in force in accordance with resolutions 1302 (2000), 1330 (2000), 1352 (2001), which extended the provisions of resolution 1330 (2000) for 30 days, and 1360 (2001), which extended the mandate period for 150 days, 1382 (2001), 1409 (2002), 1443 (2002), which extended the provisions of resolution 1409 (2002) until 4 December 2002, and 1447 (2002), which extended the mandate to 3 June 2003. The final sale of oil under the programme was for shipment made on 20 March 2003.

(f) The Security Council, in paragraphs 1 and 3 of resolution 1175 (1998), authorized States to permit the export to Iraq of the necessary parts and equipment ("spare parts") to enable Iraq to increase the export of petroleum and petroleum products, in quantities sufficient to produce the sum established in paragraph 2 of resolution 1153 (1998), and decided that the funds in the escrow account produced pursuant to resolution 1153 (1998) up to a total of $300 million might be used to

meet any reasonable expenses, other than expenses payable in Iraq, which followed directly from contracts approved by the Committee established by resolution 661 (1990). Resolutions 1293 (2000) and 1302 (2000) established that up to $600 million might be used to permit States to export to Iraq the necessary parts and equipment to enable Iraq to increase the export of petroleum and petroleum products. Resolutions 1330 (2000), 1352 (2001), 1360 (2001), 1382 (2001), 1409 (2002) and 1447 (2002) retained the $600 million limit.

(g) Security Council resolution 1330 (2000) allowed for funds of up to €600 million from the escrow account to be used for the cost of installation and maintenance, including training services, of spare parts and equipment relating to the oil industry.

(h) In its resolution 1472 (2003) of 28 March 2003, the Security Council recognized that in view of the exceptional circumstances prevailing in Iraq, on an interim and exceptional basis, technical and temporary adjustments should be made to the programme, and authorized the Secretary-General to make such changes for a period of 45 days.

(i) In its resolution 1476 (2003) of 24 April 2003, the Security Council decided that the provisions contained in paragraph 4 of resolution 1472 (2003) should remain in force until 3 June 2003 and might be subject to further renewal by the Council.

(j) In its resolution 1483 (2003) of 22 May 2003, the Security Council requested the Secretary-General to terminate the programme within six months and to transfer responsibility for the administration of any remaining activity to the Coalition Provisional Authority (the Authority). The Council also requested the consolidation of the accounts established pursuant to paragraphs 8 (a) (relating to 15 Governorates of central and southern Iraq) and 8 (b) (relating to 3 Governorates of northern Iraq) of resolution 986 (1995).

(k) Sale of Iraqi oil is recognized as revenue in the fund for humanitarian activities in Iraq based on the bill of lading date and the total value of oil loaded as stipulated in the commercial invoice issued by the State Oil Marketing Organization. The proceeds from the sale of Iraqi oil are allocated, upon receipt of deposits, to other accounts established pursuant to paragraph 8 of resolution 986 (1995). No oil sales have been recorded since 20 March 2003.

(l) The funds from the sale of Iraqi oil pursuant to the authorization given in paragraph 1 of resolution 986 (1995) are to be used to meet the humanitarian needs of the Iraqi people and for the other purposes set out in paragraph 8 of resolution 986 (1995). Resolution 1409 (2002) permits the sale or supply of any commodities or products other than those referred to in paragraph 24 of resolution 687 (1991) as it relates to military commodities and products, or military-related commodities or products covered by the Goods Review List (see S/2002/515) and the amendments thereto contained in annex A to resolution 1454 (2002). The percentages used in allocating the oil sale proceeds were determined as follows:

(i) 53.034 per cent to finance the export to Iraq of medicines, health supplies, food, and materials and supplies for essential civilian needs. In follow-up to resolution 1302 (2000), this was increased to 54.034 per cent and resolution 1330 (2000) authorized a further increase, to 59.034 per cent, less the payment referred to in (vi) below;

(ii) 13.0 per cent to complement the distribution by the Government of Iraq of imported goods by providing funds to the United Nations Inter-Agency Humanitarian Programme operating in the three northern governorates of Iraq, Arbil, Dihouk and Suleimaniyeh;

(iii) 2.215 per cent to meet the operational and administrative costs to the United Nations;

(iv) 30.0 per cent allocated to the Compensation Fund established pursuant to Security Council resolution 705 (1991). Pursuant to resolution 1330 (2000) this percentage was decreased to 25.0 per cent;

(v) 0.751 per cent allocated to the United Nations Monitoring, Verification and Inspection Commission established pursuant to Security Council resolution 1284 (1999), which replaced the special commissions established pursuant to Security Council resolution 687 (1991), to meet operating costs;

(vi) A maximum of $10 million every 90-day period to be allocated to the escrow account established pursuant to Security Council resolutions 706 (1991) and 712 (1991) for the payments envisaged under paragraph 6 of resolution 778 (1992). In resolution 1284 (1999), the Council decided to suspend payments to this escrow account for an initial period of six months from 17 December 1999. In resolution 1302 (2000), this suspension was extended for a further 180-day period and the allocation transferred to (i) above. In resolution 1330 (2000), the allocation of a maximum of $10 million every 90 days was reinstated from 6 December 2000.

(m) Notwithstanding the periods for the sale of Iraqi oil as authorized by the Security Council, financial statements I, II and III (United Nations escrow accounts) are prepared every six months.

(n) Included in financial statements I, II and III (United Nations escrow accounts) are details relating to the humanitarian activities and related operational and administrative costs that are undertaken under the provisions of Security Council resolution 986 (1995). From the beginning of the programme in December 1996 to mid-2000, implementation costs on actual expenditures incurred by agencies for activities associated with the purchase of humanitarian goods for northern Iraq were charged to the "Humanitarian activities in Iraq" account, and programme support costs on actual expenditures for the administrative and operational costs were charged to the "Administrative and operational costs" account. In mid-2000, following recommendations of the Board of Auditors, and taking into account the increased level of funds available in the "Administrative and operational costs" account, the Secretariat decided to prospectively charge all implementation and programme support costs to the "Administrative and operational costs" account. In mid-2002, the Secretariat reverted to the earlier treatment, whereby direct costs of implementing the programme in northern Iraq were charged to the "Humanitarian activities in Iraq" account. This decision reflected the need to harmonize treatment, whether the work was done by an agency itself or contracted out. In 2003, when agencies began implementing various aspects of the programme in southern/central Iraq, those implementation costs were also charged to the "Humanitarian Activities in Iraq" account, in line with the 2002 decision.

(o) The financial statements of the Compensation Fund (see paragraph (l), item (iv) above) are reported on in a separate volume of the United Nations financial statements.

(p) Expenditure incurred during the biennium 2008-2009 for humanitarian supplies and spare parts relates to adjustments and reinstatements of contracts entered into in previous years.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, and administrative instructions issued by the Under-Secretary-General for Management, or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination. The Organization follows International Accounting Standard 1, "presentation of financial statements", on the disclosure of accounting policies, as modified and adopted by the United Nations System Chief Executives Board for Coordination, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons (see note 3 (a));

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council, or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period 1 July-30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rates of exchange in effect at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The cash flow summary statement is based on the indirect method of cash flows as referred to in the United Nations system accounting standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards to the High-level Committee on Management.

(i) Income:

(i) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(ii) Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(iii) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(iv) Income for services rendered include amounts charged for salaries of staff members and other costs which are attributable to providing technical and administrative support to other organizations;

(v) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments, and investment income earned in the cash pool. All realized losses and net unrealized losses on short-term investments are offset against investment income. Investment income and costs associated with the operation of investments in the cash pool are allocated to participating funds. Interest income is available for allotment purposes on a six-monthly basis;

(vi) Net gains or losses on currency fluctuations other than for current year's obligations are accumulated on a six-monthly basis. Effective 1 January 2002, the net amount is recognized as income or expenditure every six months in the financial statements;

(vii) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, settlements of insurance claims, monies accepted for which no purpose was specified and other sundry income;

(viii) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income as referred to in paragraph l, item (iii) below.

(j) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements. Expenditures also include currency exchange adjustments arising from the evaluation of current-period obligations;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period and are recorded as deferred charges as referred to in paragraph k, item (vi) below.

(k) Assets:

(i) Cash and term deposits represent funds in demand deposit accounts and interest bearing bank deposits;

(ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term investments are stated at the lower of cost or market value; long-term investments are stated at cost. Cost is defined as the nominal value plus/minus any unamortized premium/discount. The market value of investments is disclosed in the footnotes to the financial statements;

(iii) Cash pools comprise participating funds' share of the cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the cash pools. The investments in the cash pools are similar in nature. Short-term investments are stated at the lower of cost or market value; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The share in cash pools is reported separately in each of the participating fund's statement and its composition and the market value of its investments are disclosed in footnotes in the individual statements;

(iv) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with other escrow accounts and with the United Nations General Fund. Inter-fund balances are settled periodically, depending upon availability of cash resources;

(v) Provision for delays in the collection of receivable balances is not made;

(vi) Deferred charges normally comprise expenditure items that are not properly chargeable in the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead-times are required for delivery;

(vii) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(viii) Maintenance and repair of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in the notes to the financial statements.

(l) Liabilities and reserves and fund balances:

(i) Operating reserves include reserves for end-of-service and post-retirement benefits, which are shown in a separate line on the financial statements. Operating reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes income received but not yet earned;

(iv) Commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Effective 1 January 2000, unliquidated obligations for the escrow account for humanitarian activities in Iraq remain valid until completion of the project. All other obligations continue to remain valid for 12 months following the end of the biennium to which they relate;

(v) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vi) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Fund is a funded defined benefit plan. The financial obligation of the Organization to the Fund consists of its mandated contribution at the rate established by the General Assembly together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the General Assembly has

invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. As at the date of the current financial statement, the General Assembly has not invoked this provision.

Note 3
United Nations escrow accounts established under the provisions of Security Council resolutions 687 (1991), 706 (1991), 778 (1992) and 1284 (1999) (statements I, II and III)

(a) As the United Nations escrow accounts are in a liquidation process (see note 7 below), the going concern assumption is not followed and the financial statements are presented according to the liquidation basis of accounting, which may require realization of assets and extinguishment of liabilities outside the normal course of business. As at 31 December 2008, the escrow account had no assets or liabilities requiring adjustments in their measurement or classification under the liquidation basis of accounting.

(b) Included in financial statements I, II and III are the escrow accounts established pursuant to Security Council resolutions 706 (1991) and 712 (1991) for the payments envisaged under paragraph 6 of resolution 778 (1992), and the special account established pursuant to resolutions 687 (1991), 706 (1991) and 1284 (1999). The escrow account established under resolutions 706 (1991), 712 (1991) and 778 (1992) returned all funds in 2003. As a result there are no further transactions to report relating to this escrow account.

(c) The escrow accounts administered by the Secretary-General under Security Council resolutions 706 (1991) and 712 (1991) provided for Iraqi funds from the sale of oil to be used for payment by the United Nations Compensation Commission, the full costs of carrying out the tasks authorized by section C of resolution 687 (1991), the full costs incurred by the United Nations in facilitating the return of all Kuwaiti property seized by Iraq, half the costs of the Boundary Commission, and the cost to the United Nations of implementing resolution 706 (1991), and of other necessary humanitarian activities in Iraq:

(i) With the refusal of Iraq to sell oil under the provisions of Security Council resolutions 706 (1991) and 712 (1991), the Security Council adopted resolution 778 (1992) on 2 October 1992 as an alternate means of providing funds for the purposes specified. States in which there were petroleum products owned by Iraq or States in which there were funds of the Government of Iraq representing the proceeds of petroleum sales, paid for by the purchaser after 6 August 1990, were required to transfer some or all of these funds to the escrow account. In addition, in resolution 778 (1992) the Council urged States to contribute funds from other sources to the escrow account. All such funds transferred or contributed to the escrow account under the provisions of resolution 778 (1992) were to be transferred back to the accounts of States from which funds had been provided, together with applicable interest, at such time when oil exports had taken place pursuant to the system provided in resolutions 706 (1991) and 712 (1991) and the escrow account had received funds from the proceeds of sale. Iraqi oil exports began in December 1996 and in January 1997 the escrow account started receiving funds from the proceeds

of sale that were transferred back to the accounts of States that had provided the original funds to the escrow account;

(ii) In December 1999, pursuant to Security Council resolution 1284 (1999), payment to the escrow account from the proceeds of sale was suspended. The suspension, which was extended for an additional 180 days by Security Council resolution 1302 (2000), was lifted by resolution 1330 (2000) in December 2000;

(iii) In May 2003, the Security Council, in its resolution 1483 (2003) requested the Secretary-General to restore funds that had been provided by Member States pursuant to resolution 778 (1992). All such funds were returned in June 2003.

(d) The Security Council, in its resolution 687 (1991), requested the Secretary-General to undertake certain tasks in connection with the situation between Iraq and Kuwait. The costs of those activities were to be considered as an advance pending the receipt of payments to the Organization by Iraq in respect of certain activities, and by Iraq and Kuwait jointly in respect of the costs of the Boundary Commission:

(i) Since the adoption by the Security Council of resolution 778 (1992), the above-mentioned costs have been covered by transfers from the escrow account. Furthermore, the costs of the Special Commission are met by transfer from the escrow account pursuant to Security Council resolution 986 (1995);

(ii) The Security Council decided by resolution 1284 (1999), to establish the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC). The responsibilities mandated to the Special Commission are undertaken by UNMOVIC;

(iii) In its resolutions 1483 (2003) and 1546 (2004), the Security Council reaffirmed its intention to revisit the mandate of UNMOVIC;

(iv) By its resolution 1762 (2007), the Security Council terminated the mandate of UNMOVIC and requested the Secretary-General to transfer all remaining unencumbered funds to the Government of Iraq within three months, after returning to Member States at their request contributions made by them pursuant to paragraph 4 of resolution 699 (1991).

Note 4
Independent Inquiry Committee into the United Nations oil-for-food programme

(a) In April 2004, the Secretary-General appointed a high-level, Independent Inquiry Committee to investigate the administration and management of the oil-for-food programme from its inception to its transfer to the Coalition Provincial Authority, including allegations of fraud and corruption on the part of United Nations officials, personnel and agents as well as contractors, including entities that had entered into contracts with the United Nations or with Iraq under the programme. By its resolution 1538 (2004) of 21 April 2004, the Security Council welcomed the inquiry. The Independent Inquiry Committee completed its investigation on 27 October 2005 and issued its final report.

(b) Effective 1 January 2007, the Independent Inquiry Committee wound up its operation, and the Office of the Independent Inquiry Committee was established for an interim period of two years as part of the Secretariat. The work of the Office is being performed by the representative designated by the former members of the Committee and his or her designees. In September 2008 the Secretary-General approved the recommendation of the representative of the Office of the Independent Inquiry Committee to extend the mandate of the Office until 31 December 2010.

(c) The costs of the Independent Inquiry Committee were met from funds allocated for the administrative and operational costs of the programme. Expenditures during the 12-month period ended 31 December 2008 of the biennium 2008-2009 were as follows:

(In thousands of United States dollars)

Salaries	186
Premises	35
Miscellaneous supplies and services	143
Total	**364**

Note 5
Operating reserves

"Humanitarian activities in Iraq" account

(a) An operating reserve of $126,660,000 was established as of 31 December 2005 under the "Humanitarian activities in Iraq" account to ensure that sufficient funds are available for the satisfactory resolution of all remaining issues relating to outstanding letters of credit. In a letter dated 10 July 2006 (S/2006/510), the Secretary-General, recalling that the United Nations had no indemnification from the Government of Iraq on the funds that had been transferred to date to the Development Fund of Iraq, informed the Security Council that until the issues of claims from suppliers were resolved, and if there was no objection from the Council, an amount of $187 million would be held as a reserve for any unanticipated claims from suppliers. In a letter dated 11 August 2006, the President of the Security Council informed the Secretary-General that Council members had taken note of the proposed arrangements, and an operating reserve of $187 million was established.

"Administrative and operational costs" account

(b) An operating reserve of $21,132,192 was established as of 31 December 2005 under the "Administrative and operational costs" account to meet the expected costs of the Independent Inquiry Committee and the administrative costs of the escrow accounts until all aspects of the programme are completed. Changes in the reserve since its establishment are summarized below:

(In thousands of United States dollars)

Operating reserves as at 31 December 2005		21 132
Utilization from 1 January 2006 to 31 December 2007	(6 368)	
Transfer from cumulative surplus	9 670	3 302

Operating reserve as at 31 December 2007	24 434
Utilization from 1 January 2008 to 31 December 2008	(2 718)
Operating reserves as at 31 December 2008	21 716
Comprised of:	
Reserves for end-of-service and post-retirement benefits	2 495[a]
Other reserves	19 221
Operating reserves as at 31 December 2008	**21 716**

[a] Reserves for end-of-service and post-retirement benefits comprised $97,711 for unused vacation days, $197,062 for repatriation benefits and $2,200,000 for after service health insurance benefits.

"Monitoring, verification and inspection" account

(c) An operating reserve of $35,958,863 was established as of 30 June 2007 under the "Monitoring, verification and inspection" account to meet the estimated liquidation costs pertaining to UNMOVIC, including the settlement of debts owed to the Government of Germany for archiving of documentation, and archiving and staff-related costs. Staff-related costs include accrued liabilities for end-of-service and post-retirement benefits. Changes in the reserve since its establishment are summarized below:

(In thousands of United States dollars)

Operating reserves as at 30 June 2007		35 959
Utilization from 1 July 2007 to 31 December 2007	(30 507)	
Transfer to cumulative surplus	(2 463)	(32 970)
Operating reserve as at 31 December 2007		2 989
Utilization from 1 January 2008 to 31 December 2008		(1 616)
Operating reserves as at 31 December 2008		1 373
Comprised of:		
Reserves for end-of-service and post-retirement benefits		51[a]
Other reserves		1 322
Operating reserves as at 31 December 2008		**1 373**

[a] Reserves for end-of-service benefits comprised $4,189 for unused vacation days and $46,368 for repatriation benefits.

(d) Contingent liabilities described in Note 8 shall be met to the extent necessary from operating reserves of the Programme.

Note 6
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is charged against the current allotment in the year of purchase. The non-expendable property valued at historical cost, according to the cumulative inventory records, is shown below (in thousands of United States dollars):

	2008	2006
UNMOVIC	1 194	10 763
Agencies*	959	1 181
Independent Inquiry Committee	290	630

* Owing to the current situation in Iraq, it was not possible to fully ascertain the value of non-expendable property in Iraq as at 31 December 2008.

Note 7
Future modus operandi of United Nations escrow accounts established under Security Council resolutions 986 (1995) and 1284 (1999)

(a) In its resolution 1483 (2003) of 22 May 2003, the Security Council extended the Secretary-General's responsibilities under Security Council resolutions 1472 (2003) and 1476 (2003) for a period of six months. The Council requested the Secretary-General to terminate, in the most cost-effective manner, the ongoing operations of the programme, both at Headquarters and in the field, by 21 November 2003, and to transfer responsibility for the administration of any remaining activity under the programme to the Coalition Provisional Authority.

(b) Accordingly, in the three governorates of Northern Iraq where the United Nations Agencies were implementing the programme, contracts entered into by the agencies were transferred to the Authority. Similarly, in the 15 governorates of central and southern Iraq where, after the outbreak of hostilities, agencies had been assigned responsibility for procurement activities previously undertaken by the Government of Iraq, uncompleted contracts were handed over to the Authority.

(c) By its resolution 1546 (2004), the Security Council decided that in connection with the dissolution of the Coalition Provisional Authority, the Interim Government of Iraq and its successors should assume the rights, responsibilities and obligations relating to the programme that had been transferred to the Coalition Provisional Authority, including all operational responsibility for the programme and any obligations undertaken by the Coalition Provisional Authority in connection with such responsibility, and responsibility for ensuring independently authenticated confirmation that goods had been delivered, and further decided that, following a 120-day transition period from the date of adoption of the resolution, the Interim Government of Iraq and its successors should assume all responsibility for certifying delivery of goods under previously prioritized contracts, and that such certification shall be deemed to constitute the independent authentication required for the release of funds associated with such contracts, consulting as appropriate to ensure the smooth implementation of those arrangements.

(d) As of 31 March 2009, the liquidation of the programme continued. All obligations relating to contracts that had not been prioritized in accordance with Security Council resolution 1483 (2003) had been closed, except for those where letters of credit had been retained. Obligations relating to contracts that had been prioritized remain as liabilities of the programme, and the related letters of credit have not been closed.

By his letters dated 8 August 2005 (S/2005/535), 17 October 2005 (S/2005/656), 19 December 2005 (S/2005/807), 10 July 2006 (S/2006/570), 8 December 2006 (S/2007/46), 27 March 2007 (S/2007/241), 9 April 2007, 25 July 2007 (S/2007/476), 7 December 2007 (S/2007/725), 11 March 2008 (S/2008/175), 9 May 2008 (S/2008/318) and 25 July 2008 (S/2008/492), the Secretary-General has

kept the Security Council informed of the arrangements for the liquidation of the outstanding letters of credit and of the slow progress being made.

In a letter dated 29 February 2008 from the President of the Security Council to the Secretary-General (S/2008/140) Council members called upon the Working Group, which comprises the Ministry of Foreign Affairs of the Government of Iraq, the Central Bank of Iraq and the Secretariat, to continue its efforts to resolve all outstanding issues and requested a further comprehensive report by 15 March 2008. Following the Secretary-General's recommendation in his letter of 11 March 2008 (S/2008/175), the Working Group reviewed the situation in early May 2008 and the Secretary-General provided a progress report on 9 May 2008 (see S/2008/318). In a letter dated 23 May 2008 from the President of the Security Council to the Secretary-General, Council members requested that the Working Group reconvene in the month of June 2008 with a view to receiving an updated report in July 2008. The Working Group held a meeting from 27 to 30 June 2008 to address and resolve outstanding issues.

The Secretary-General, through his letter dated 25 July 2008 to the President of the Security Council (S/2008/492), provided his recommendations and the report of the Working Group meeting that was held in June 2008. In the context of the meeting of the Working Group, the Government of Iraq requested cancellation of an additional 53 letters of credit. The Secretariat reviewed all the files pertaining to those letters of credit and cancelled 49 which had no outstanding claims of delivery. The number of outstanding letters of credit has been reduced to 95 as of 31 December 2008.

(e) By its resolution 1762 (2007), the Security Council terminated the mandate of UNMOVIC, pursuant to which an operating reserve to meet liquidation costs was established (see note 5). Unencumbered funds in the amount of $25,104,523 were transferred to the Development Fund for Iraq on 28 September 2007, and further sums of $875,285 and $2,548,000 were transferred on 28 February 2008 and 9 December 2008, respectively.

(f) From the adoption of Security Council resolution 1483 (2003) up to 31 December 2008, a total of $10.42 billion has been transferred to the Development Fund for Iraq. That amount includes $5,859,322 transferred during the 12-month period ended 31 December 2008. The remaining surplus funds will be transferred to the Development Fund for Iraq in accordance with the provisions of Security Council resolutions 1483 (2003) and 1546 (2004) and such guidance as the Security Council may provide.

Note 8
Contingent liabilities

Under the terms of Security Council resolution 1483 (2003), as part of the liquidation process, all claims and disputes involving the United Nations or its agencies with third parties in carrying out the activities of the programme are to be transferred to, and become the responsibility of, the Authority, which has since been succeeded by the Government of Iraq. There may be some circumstances where such a transfer is not possible and any liability and related fees will need to be met from operating reserves of the programme (see note 5). Such contingent liabilities include a claim of $4.6 million, which is currently under arbitration with one of the specialized agencies of the United Nations system involved in implementation of the programme.

United Nations S/2009/315

Security Council

Distr. General
19 June 2009
English
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Letter dated 18 June 2009 addressed to the President of the Security Council by the Permanent Representative of France to the United Nations

Please find enclosed a list of items, materials, equipment, goods and technologies related to nuclear and ballistic programmes (see annex). I would be grateful if you could make the necessary arrangements for this list to be published as an official document of the Security Council.

(*Signed*) Jean-Maurice **Ripert**

09-37455 (E) 220609 220609

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Annex to the letter dated 18 June 2009 addressed to the President of the Security Council by the Permanent Representative of France to the United Nations

II.A0.001 Hollow cathode lamps as follows:

a. Iodine hollow cathode lamps with windows in pure silicon or quartz

b. Uranium hollow cathode lamps

II.A0.002 Faraday isolators in the wavelength range 500–650 nm —

II.A0.003 Optical gratings in the wavelength range 500–650 nm —

II.A0.004 Optical fibres in the wavelength range 500–650 nm coated with anti-reflecting layers in the wavelength range 500–650 nm and having core diameter greater than 0,4 mm but not exceeding 2 mm

II.A0.005 Nuclear reactor vessel components and testing equipment , as follows:

1. Seals

2. Internal components

3. Sealing, testing and measurement equipment

II.A0.006 Nuclear detection systems for detection, identification or quantification of radioactive materials and radiation of nuclear origin and specially designed components therefore

II.A0.007 Bellows-sealed valves made of aluminium alloy or stainless steel type 304 or 316 L

II.A0.008 Plane, convex and concave mirrors, coated with high-reflecting or controlled multilayers in the wavelength range 500 nm-650 nm

II.A0.009 Lenses, polarisers, half-wave retarder plates, quarter-wave retarder plates, laser windows in silicon or quartz and rotators coated with anti-reflecting layers in the wavelength range 500–650 nm

II.A0.010 Pipes, piping, flanges, fittings made of or lined with nickel or nickel alloy containing more than 40% nickel by weight.

II.A0.011 Vacuum pumps as follows:

— Turbomolecular pumps having a flowrate equal to or greater than 400 l/s

— Roots-type vacuum roughing pumps having a volumetric aspiration flowrate greater than 200 m3/h Bellows-sealed, scroll, dry compressor, and bellows sealed, scroll, dry vacuum pumps

II.A0.012 Shielded enclosures for the manipulation, storage and handling of radioactive substances (hot cells).

II.A0.013 "Natural uranium" or "depleted uranium" or thorium in the form of metal, alloy, chemical compound or concentrate and any other material containing one or more of the foregoing.

II.A1.001 Bis(2-ethylhexyl) phosphoric acid (HDEHP or D2HPA) CAS 298-07-7 solvent in anyquantity, with a purity greater than 90%

II.A1.002 Fluorine gas (Chemical Abstract Number (CAS) 7782-41-4), with a purity greater than 95%

II.A1.003 Seals and gaskets made of any of the following materials

a. Copolymers of vinylidene fluoride having 75% or more beta crystalline structurewithout stretching;

b. Fluorinated polyimides containing 10% by weight or more of combined fluorine;

c. Fluorinated phosphazene elastomers containing 30% by weight or more of combined fluorine;

d. Polychlorotrifluoroethylene (PCTFE, e.g. Kel-F ®);

e. Viton fluoro-elastomers;

f. Polytetrafluoroethylene (PTFE).

II.A1.004 Personal equipment for detecting radiation of nuclear origin, including personal dosimeters

II.A1.005 Electrolytic cells for fluorine production with an output capacity greater than 100 g of fluorine per hour.

II.A1.006 Platinised catalysts specially designed or prepared for promoting the hydrogen isotope exchange reaction between hydrogen and water for the recovery of tritium from heavy water or for the production of heavy water and substitutes therefor.

II.A1.007 Aluminium and its alloys in crude or semi-fabricated form having either of the following characteristics:

a. Capable of an ultimate tensile strength of 460 MPa or more at 293 K (20°C); or

b. Having a tensile strength of 415 MPa or more at 298 K (25°C).

II.A1.008 Magnetic metals, of all types and of whatever form, having an initial relative permeability of 120 000 or more and a thickness between 0,05 and 0,1 mm

II.A1.009 "Fibrous or filamentary materials" or prepregs, as follows:

a. Carbon or aramid "fibrous or filamentary materials" having either of the following characteristics:

1. A "specific modulus" exceeding 10 × 106 m; or

2. A "specific tensile strength" exceeding 17 × 104 m;

b. Glass "fibrous or filamentary materials" having either of the following characteristics:

1. A "specific modulus" exceeding 3.18 × 106 m; or

2. A "specific tensile strength" exceeding 76,2 × 103 m;

c. Thermoset resin impregnated continuous "yarns", "rovings", "tows" or "tapes" with a width of 15 mm or less (prepregs), made from carbon or glass "fibrous or filamentary materials"

II.A1.010 Resin-impregnated or pitch-impregnated fibres (prepregs), metal or carbon-coated fibres (preforms) or "carbon fibre preforms", as follows:

a. made from "fibrous or filamentary materials" specified in II.A1.009 above;

b. Epoxy resin "matrix" impregnated carbon "fibrous or filamentary materials" (prepregs), for the repair of aircraft structures or laminates, in which the size of individual sheets of prepreg does not exceed 50 cm × 90 cm;

c. Prepregs, when impregnated with phenolic or epoxy resins having a glass transition temperature (Tg) less than 433 K (160 °C) and a cure temperature lower than the glass transition temperature.

II.A1.011 Reinforced silicon carbide ceramic composites usable for nose tips, re-entry vehicles, nozzle flaps, usable in "missiles".

II.A1.012 Maraging steels 'capable of' an ultimate tensile strength of 2 050 MPa or more, at 293 K (20°C).

Technical note:
The phrase maraging steel 'capable of' encompasses maraging steel before or after heat treatment.

II.A1.013 Tungsten, tantalum, tungsten carbide, tantalum carbide and alloys, having both of the following characteristics:

a. In forms having a hollow cylindrical or spherical symmetry (including cylinder segments) with an inside diameter between 50 mm and 300 mm; and

b. A mass greater than 5 kg.

II.A2.001 Vibration test systems, equipment and components therefore:

a. Vibration test systems employing feedback or closed loop techniques and incorporating a digital controller, capable of vibrating a system at an acceleration equal to or greater than 0,1g rms between 0,1 Hz and 2 kHz and imparting forces equal to or greater than 50 kN, measured "bare table";

b. Digital controllers, combined with specially designed vibration test software, with a 'real-time bandwidth' greater than 5 kHz designed for use with vibration test systems specified in a.;

c. Vibration thrusters (shaker units), with or without associated amplifiers, capable of imparting a force equal to or greater than 50 kN, measured 'bare table', and usable in vibration test systems specified in a.;

d. Test piece support structures and electronic units designed to combine multiple shaker units in a system capable of providing an effective combined force equal to or greater than 50 kN, measured 'bare table', and usable in vibration systems specified in a.

Technical note:
'bare table' means a flat table, or surface, with no fixture or fittings.

II.A2.002 Machine tools for grinding having positioning accuracies with 'all compensations available' equal to or less (better) than 15 µm according to ISO 230/2 (1988) (1) or national equivalents along any linear axis.

II.A2.002a Components and numerical controls, specially designed for machine tools specified in I.B.2 of document S/2006/814 and in II.A2.002 above.

II.A2.003 Balancing machines and related equipment as follows:
a. Balancing machines, designed or modified for dental or other medical equipment, having all the following characteristics:

1. Not capable of balancing rotors/assemblies having a mass greater than 3 kg;

2. Capable of balancing rotors/assemblies at speeds greater than 12 500 rpm;

3. Capable of correcting unbalance in two planes or more; and

4. Capable of balancing to a residual specific unbalance of 0,2 g mm per kg of rotor mass;

b. Indicator heads designed or modified for use with machines specified in a. above.

Technical note:
Indicator heads are sometimes known as balancing instrumentation.

II.A2.004 Remote manipulators that can be used to provide remote actions in radiochemical separation operations or hot cells, having either of the following characteristics:

a. A capability of penetrating 0,3 m or more of hot cell wall (through the wall operation); or

b. A capability of bridging over the top of a hot cell wall with a thickness of 0,3 m or more (over the wall operation).

Technical note:
Remote manipulators provide translation of human operator actions to a remote operating arm and terminal fixture. They may be of 'master/slave' type or operated by joystick or keypad.

II.A2.005 Controlled atmosphere heat treatment furnaces, as follows:

Furnaces capable of operation at temperatures above 400°C.

II.A2.006 Oxidation furnaces capable of operation at temperatures above 400°C

II.A2.007 'Pressure transducers', capable of measuring absolute pressures at any point in the range 0 to 200 kPa and having both of the following characteristics:

a. Pressure sensing elements made of or protected by "Materials resistant to corrosion by UF6", and

b. Having either of the following characteristics:

1. A full scale of less than 200 kPa and an 'accuracy' of better than ± 1% of full scale; or

2. A full scale of 200 kPa or greater and an 'accuracy' of better than 2 kPa.

Technical note:
'accuracy' includes non-linearity, hysteresis and repeatability at ambient temperature.

II.A2.008 Liquid-liquid contacting equipment (mixer-settlers, pulsed columns, centrifugal contactors); and liquid distributor, vapour distributor or liquid collectors designed for such equipment, where all surfaces that come in direct contact with the chemical(s) being processed are made from any of the following materials:

1. Alloys with more than 25% nickel and 20% chromium by weight;

2. Fluoropolymers;

3. Glass (including vitrified or enamelled coating or glass lining);

4. Graphite or 'carbon graphite';

5. Nickel or alloys with more than 40% nickel by weight;

6. Tantalum or tantalum alloys;

7. Titanium or titanium alloys;

8. Zirconium or zirconium alloys; or

9. Stainless steel.

Technical note:
'Carbon graphite' is a composition consisting of amorphous carbon and graphite, in which the graphite content is 8% or more by weight.

II.A2.009 Industrial equipment and components , as follows:

Heat exchangers or condensers with a heat transfer surface area greater than 0,05 m2, and less than 30 m2; and tubes, plates, coils or blocks (cores) designed for such heat exchangers or condensers, where all surfaces that come in direct contact with the fluid(s) are made from any of the following materials:

1. Alloys with more than 25% nickel and 20% chromium by weight;

2. Fluoropolymers;

3. Glass (including vitrified or enamelled coatings or glass lining);

4. Graphite or 'carbon graphite';

5. Nickel or alloys with more than 40% nickel by weight;

6. Tantalum or tantalum alloys;

7. Titanium or titanium alloys;

8. Zirconium or zirconium alloys;

9. Silicon carbide;

10. Titanium carbide; or

11. Stainless steel.

Note: This item does not control vehicle radiators.

II.A2.010 Multiple-seal, and seal-less pumps, suitable for corrosive fluids, with manufacturer's specified maximum flow-rate greater than 0,6 m3/hour, or vacuum pumps with manufacturer's specified maximum flow-rate greater than 5 m3/hour (measured under standard temperature (273 K (0 °C)) and pressure (101,3 kPa) conditions); and casings (pump bodies), preformed casing liners, impellers, rotors or jet pump nozzles designed for such pumps, in which all surfaces that come in direct contact with the chemical(s) being processed are made from any of the following materials:

1. Stainless steel,

2. Aluminium alloy.

II.A2.011 Centrifugal separators, capable of continuous separation without the propagation ofaerosols and manufactured from:

1. Alloys with more than 25% nickel and 20% chromium by weight;

2. Fluoropolymers;

3. Glass (including vitrified or enamelled coating or glass lining);

4. Nickel or alloys with more than 40% nickel by weight;

5. Tantalum or tantalum alloys;

6. Titanium or titanium alloys; or

7. Zirconium or zirconium alloys.

II.A2.012 Sintered metal filters made of nickel or nickel alloy with a nickel content of 40% or more by weight.

II.A3.001 High voltage direct current power supplies having both of the following characteristics:

a. Capable of continuously producing, over a time period of eight hours, 10 kV or greater, with output power of 5 kW or greater with or without sweeping; and

b. Current or voltage stability better than 0,1% over a time period of four hours.

II.A3.002 Mass spectrometers, capable of measuring ions of 200 atomic mass units or greater and having a resolution of better than 2 parts in 200, as follows, and ion sources therefor:

a. Inductively coupled plasma mass spectrometers (ICP/MS);

b. Glow discharge mass spectrometers (GDMS);

c. Thermal ionisation mass spectrometers (TIMS);

d. Electron bombardment mass spectrometers which have a source chamber constructed from, lined with or plated with "Materials resistant to corrosion by UF6";

e. Molecular beam mass spectrometers having either of the following characteristics:

i. A source chamber constructed from, lined with or plated with stainless steel or molybdenum and equipped with a cold trap capable of cooling to 193 K (– 80 °C) or less; or

2. A source chamber constructed from, lined v ith or plated with "Materials resistant to corrosion by UF6";

f. Mass spectrometers equipped with a microfluorination ion source designed for actinides or actinide fluorides.

II.A6.001 Yttrium alun inium garnet (YAG) rods

II.A6.002 Infrared optics in the wavelength range 9–17 μm and components therefor, including cadmium telluride (CdTe) components.

II.A6.003 Wave front corrector systems for use with a laser beam having a diameter exceeding 4 mm, and specially designed components therefor, including control systems, phase front sensors and "deformable mirrors" including bimorph mirrors.

II.A6.004 Argon ion "lasers" having an average output power equal to or greater than 5 W

II.A6.005 Semiconductor "lasers" and components therefor, as follows:

a. Individual semiconductor "lasers" with an output power greater than 200 mW each, in quantities larger than 100;

b. Semiconductor "laser" arrays having an output power greater than 20 W.

Notes:

1. Semiconductor "lasers" are commonly called "laser" diodes.

3. This item does not control "laser" diodes with a wavelength in the range 1 200-2 000 nm

II.A6.006 Tunable semiconductor "lasers" and tunable semiconductor "laser" arrays, of a wavelength between 9 μm and 17 μm, as well as array stacks of semiconductor "lasers" containing at least one tunable semiconductor "laser array" of such wavelength.

Notes:

1. Semiconductor "lasers" are commonly called "laser" diodes.

II.A6.007 Solid state "tunable" "lasers" as follows, and specially designed components therefor:

a. Titanium-sapphire lasers;

b. Alexandrite lasers.

II.A6.008 Neodymium-doped (other than glass) "lasers", having an output wavelength exceeding 1 000 nm but not exceeding 1 100 nm and output energy exceeding 10 J per pulse.

II.A6.009 Components of acousto-optics, as follows:

a. Framing tubes and solid-state imaging devices having a recurrence frequency equal to or exceeding 1kHz;

b. Recurrence frequency supplies;

c. Pockels cells.

II.A6.010 Radiation-hardened cameras, or lenses therefore, specially designed or rated as radiation hardened to withstand a total radiation dose greater than 50 × 103 Gy(silicon) (5 × 106 rad (silicon)) without operational degradation.

Technical note:

The term Gy(silicon) refers to the energy in Joules per kilogram absorbed by an unshielded silicon sample when exposed to ionising radiation.

II.A6.011 Tunable pulsed dye laser amplifiers and oscillators, having all of the following characteristics:

1. Operating at wavelengths between 300 nm and 800 nm;

2. An average output power greater than 10 W but not exceeding 30 W;

3. A repetition rate greater than 1 kHz; and

4. Pulse width less than 100 ns.

Notes:

1. This item does not control single mode oscillators.

II.A6.012 Pulsed carbon dioxide "lasers" having all of the following characteristics:

1. Operating at wavelengths between 9 000 nm and 11 000 nm;

2. A repetition rate greater than 250 Hz;

3. An average output power greater than 100 W but not exceeding 500 W; and

4. Pulse width of less than 200 ns.

II.A7.001 Inertial systems and specially designed components, as follows:

I. Inertial navigation systems which are certified for use on "civil aircraft" by civil authorities of a State participating in the Wassenaar Arrangement, and specially designed components, as follows:

a. Inertial navigation systems (INS) (gimballed or strapdown) and inertial equipment designed for "aircraft", land vehicle, vessels (surface or underwater) or "spacecraft" for attitude, guidance or control, having any of the following characteristics, and specially designed components therefor:

1. Navigation error (free inertial) subsequent to normal alignment of 0,8 nautical mile per hour (nm/hr) 'Circular Error Probable' (CEP) or less (better); or

2. Specified to function at linear acceleration levels exceeding 10 g;

b. Hybrid inertial navigation systems embedded with Global Navigation Satellite Systems(s) (GNSS) or with "Data-Based Referenced Navigation" ("DBRN") System(s) for attitude, guidance or control, subsequent to

normal alignment, having an INS navigation position accuracy, after loss of GNSS or "DBRN" for a period of up to four minutes, of less (better) than 10 metres 'Circular Error Probable' (CEP);

c. Inertial Equipment for Azimuth, Heading, or North Pointing having any of the following characteristics, and specially designed components therefore:

1. Designed to have an Azimuth, Heading, or North Pointing accuracy equal to, or less (better) than 6 arc minutes RMS at 45 degrees latitude; or

2. Designed to have a non-operating shock level of 900 g or greater at a duration of 1 msec, or greater.

Note:
The parameters of I.a. and I.b. are applicable with any of the following environmental conditions:

1. Input random vibration with an overall magnitude of 7,7 g rms in the first half hour and a total test duration of one and one half hour per axis in each of the three perpendicular axes, when the random vibration meets the following:

a. A constant power spectral density (PSD) value of 0,04 g2/Hz over a frequency interval of 15 to 1 000 Hz; and

b. The PSD attenuates with frequency from 0,04 g2/Hz to 0,01 g2/Hz over a frequency interval from 1 000 to 2 000 Hz;

2. A roll and yaw rate of equal to or more than + 2,62 radian/s (150 deg/s); or

3. According to national standards equivalent to 1. or 2. above.

Technical notes:

1. I.b. refers to systems in which an INS and other independent navigation aids are built into a single unit (embedded) in order to achieve improved performance.

2. Circular Error Probable' (CEP) — In a circular normal distribution, the radius of the circle containing 50% of the individual measurements being made, or the radius of the circle within which there is a 50% probability of being located.

II. Theodolite systems incorporating inertial equipment specially designed for civil surveying purposes and designed to have an Azimuth, Heading, or North Pointing accuracy equal to, or less than 6 arc minutes RMS at 45 degrees latitude, and specially designed components therefore.

III. Inertial or other equipment using accelerometers specified in 9.A.3 of document S/2009/205, where such accelerometers are specially designed and developed as MWD (Measurement While Drilling) sensors for use in downhole well services operations.

II.B.001 Technology required for the development, production or use of the items in Part A (Goods) above.